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**THE ADMINISTRATION
OF ECONOMIC
DEVELOPMENT PLANNING:
PRINCIPLES AND FALLACIES**

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CONTENTS

<u>Chapter</u>	<u>Paragraphs</u>
Introduction	1-10
I. Interdependence of planning and administration	11-30
A. Planning as an integral part of the administrative process.	14-19
B. Plan administration as social system guidance	20-24
C. Administrators as integrating generalists	25-30
II. Implementation: Strategic guidelines	31-55
A. The emerging world society	33-38
B. The new science-technology revolution	39-42
C. Planning for the improbable	43-47
D. The interests of human beings	48-55
III. Implementation: Obstacles	56-85
A. Resource scarcities: Physical, human and organizational	59-65
B. Realities of social conflict	66-71
C. Errors by planners	72-76
D. Slow growth of useful theory	77-85
IV. Implementation: Operating principles	86-118
A. Budgeting: The new "systems analysis"	89-94
B. Projects: Promotion and review	95-99
C. Market administration	100-103
D. Information collection and distribution	104-108
E. Administrative research and development	109-113
F. Training for top administrators	114-116
G. "Trans-boundary" dialogue	117-118

<u>Chapter</u>	<u>Paragraphs</u>
V. Machinery for planning	119-138
A. Central guidance clusters	121-128
B. Building innovative action organizations	129-134
C. Private and community participation	135-138
VI. Central-regional-local relations	139-158
A. Centralization veins, decentralization arteries	142-147
B. Governments at regional and local levels	148-152
C. The content of subnational area planning	153-155
D. Urban areas as "development dynamos"	156-158
VII. Summation	159-160

PREFACE

The work programme of the Public Administration Branch of the United Nations Secretariat includes a project on administration for development planning and plan implementation. An inter-regional meeting of experts on the subject was held in Paris, France, from 8 to 19 June 1964, and the report of the meeting was issued as document ST/TAO/M/27.

This paper was prepared by Professor Bertram M. Gross at the request of the Public Administration Branch. It will also be presented as a basic paper for the Tenth Session of the ECAFE Working Party on Economic Development and Planning, which is to be devoted to the administrative aspects of economic development planning.

Professor Gross is Chairman of the Executive Committee, International Group for Studies in National Planning (INTERPLAN); Editor of the National Planning Series, Syracuse University Press; Professor of Political Science and Director of the National Planning Studies Program, Maxwell School, Syracuse University; former Executive Secretary of the President's Council of Economic Advisers and first Chairman of the National Capital Regional Planning Council in the United States of America.

The views expressed in this paper are those of the author and not necessarily of the United Nations.

INTRODUCTION

1. "One of the characteristics of being human," writes Arnold Toynbee, the British historian-philosopher, "is that one makes plans". 1/ Another, to paraphrase the famous lines of Robert Burns, is that the well-laid plans of men, even more than of mice, "aft gang agley".
2. In this second half of the twentieth century, mankind's noblest and most human effort has been the making of plans by the governments of pre-industrial societies 2/ in Asia, the Middle East, Africa and Latin America to escape the clutch of colonialism, injustice, poverty, disease, hunger, ignorance and despair. Indeed, the planners 3/ in these countries - national leaders, administrators and technicians - have set themselves the high objective of attaining the benefits of industrialization based on science without suffering the recurring depressions, the exploitation of the underprivileged and the staggering corruption that characterized industrial growth in the eighteenth and nineteenth centuries. This objective comprises nothing less than a far-reaching social transformation, the building of a new society. Above all, the planners want to attain their goals in a few decades, not a few centuries. The number of countries led by these planners is growing and can be expected to continue to grow until it includes nearly every low-income nation in the world.

1/ Arnold J. Toynbee, America and the World Revolution (New York and London: Oxford University Press, 1962), p. 3.

2/ The term "pre-industrial" is much more appropriate than "under-developed", which carries invidious connotations. In any case, it is used primarily to refer to societies that are industrially under-developed. Similarly, "industrializing" is much more descriptive than "developing", since it indicates the direction of development in the pre-industrial societies of Asia, the Middle East, Africa and Latin America. Many of the highly industrializing societies are, indeed, developing at a more rapid pace, but towards "post-industrialism". This subject is discussed in greater detail in The State of the Nation: Social Systems Accounting by Bertram Gross in Raymond A. Bauer, ed., Social Indicators (Cambridge, Mass.: M.I.T. Press, 1966) and Space-Time and Post-Industrialism by B. Gross, CAG Occasional Paper, 1966.

3/ The term "planners" is here used to refer not only to planning technicians (who under some circumstances seem to regard themselves as the only planners, even if their role is limited to making proposals), but also top plan administrators and national leaders. This terminological problem is discussed at greater length in chapter I.

A. Gaps between plans and performance

3. The plans of these administrators are no exception to the general rule that there are usually great gaps between the goals of man and their attainment. Many development plans, indeed, are not very "well laid". They may be little more than symbolic ritualism or Utopian dreaming. They may often consist of proposals without commitments, programmes without interrelationships, projections without projects, and projects without resources. Plans that are achieved may turn out to be overly modest or else strategic errors that waste scarce resources. Even those plans that are the best conceived and implemented will invariably contain components that work out unsatisfactorily.

4. Thus, in reviewing development planning in over 100 countries, Albert Waterston comes to the following conclusion:

"... even when the intangible values of planning are taken into account, an examination of postwar planning history reveals that there have been many more failures than successes in the implementation of development plans. ... The record reveals that among less-developed countries only a very few have succeeded in more or less consistently achieving reasonable plan targets over a period of a decade or more." 4/

In a similar vein, it is reported by the United Nations that "the actual growth in income and output of the developing countries during the first part of the nineteen-sixties has generally not been sufficient to offer assurance that the target of the Development Decade will be reached." 5/ In Asia, according to a report of the Economic Commission for Asia and the Far East (ECAFE), "the rates of economic growth generally recorded in the ... region in the early sixties had, in fact, fallen short not only of the planned targets, but also of the growth rates of the 1950's." 6/

B. The need for general "principles"

5. The industrializing nations have nevertheless learned much about development planning that should serve them well in the future. Indeed, hidden by a host of cultural and terminological differences, there is even an emerging consensus on certain administrative aspects of national development in planning. This consensus is implicit in the practices of the more effective planning systems and the

4/ Albert Waterston, Development Planning: Lessons of Experience (Baltimore: Johns Hopkins Press, 1965), pp. 293, 296.

5/ United Nations, "Problems and Policies in the Development Decade," chapter 1 in World Economic Survey. 1964 (Sales No.: 65.II.C.2), p. 8.

6/ United Nations, Report of the Conference of Asian Economic Planners, Bangkok, 1964 (E/CN.11/673), p. 3.

thinking of the more successful planners. It has been made increasingly explicit in the growing body of expert reports on economic development and public administration that have been prepared under the auspices of the United Nations, its regional commissions and specialized agencies. It is being developed by the small but growing body of empirical studies on the realities of national planning. 7/

6. Yet much still remains to be done in the explicit formulation of administrative principles bearing on planned economic development. In public administration generally, there has been a serious lag in the formulation of prescriptive principles. During the first part of the twentieth century under the leadership of such great pioneers as Henri Fayol, Frederick Taylor, Lyndall Urwick and Luther Gulick, certain so-called "classic" principles of administration were formulated. Then came a period of great disillusionment, as people learned that many of the earlier generalizations were too narrow, too formalistic, and something less than realistic. Herbert Simon attacked many of the older principles as homely proverbs, myths, slogans, pompous inanities and "terms not unlike those used by a Ubangi medicine man to discuss disease". 8/ Regarding public administration theory as

7/ Among the more empirically-oriented studies of Asian experience in national economic planning, special mention should be made of the following: A.H. Hanson, The Process of Planning: A Study of India's Five Year Plans, 1950-1964 (London: Oxford University Press, 1966); Mahbub Ul Haq, Strategy of Economic Planning: A Case Study of Pakistan (Karachi: Oxford University Press, 1963); John P. Lewis, Quiet Crisis in India (Washington: Brookings Institution, 1962); Louis J. Walinsky, Economic Development in Burma, 1951-1960 (New York: Twentieth Century Fund, 1962); and Albert Waterston, Planning in Pakistan (Baltimore: Johns Hopkins Press, 1963), and Development Planning: Lessons of Experience, *op. cit.* On a world-wide scale the National Planning Series of the Syracuse University Press has already led to the publication of the following volumes in 1965 and 1966: John Friedmann, Venezuela: From Doctrine to Dialogue; Douglas E. Ashford, Morocco-Tunisia: Politics and Planning; Fred G. Burke, Tanganyika: Preplanning; Robert J. Shafer, Mexico: Mutual Adjustment Planning; Benjamin Akzin and Yehezkel Dror, Israel: High Pressure Planning; Everett E. Hagen and Stephanie F.T. White, Britain: Quiet Revolution in Planning; and Joseph LaPalombara, Italy: The Politics of Planning. Future volumes are in process on many other countries.

8/ Herbert A. Simon, Administrative Behavior (New York: Macmillan, 1947), p. xiv. The contributions of the early pioneers, including Max Weber and the new approaches developed by Simon and many others are summarized in "The Pioneers: The Gospel of Efficiency" (chapter 6) and "The Pioneers: New Beginnings" (chapter 7) in Bertram M. Gross, The Managing of Organizations, 2 vols. (New York: Free Press, 1964).

suffering from the disease of premature prescription, Simon and his associates prescribed their own medicine in the form of large doses of "value-free" positivism and identification of administration with decision-making.^{9/} This medicine, taken even by many who protested against it, led to a narrowing down of administrative theory to small and unrelated propositions, to declining interest in the environmental aspects of public administration and to escapism from the great issues facing public administrators at the higher levels of national responsibility. As a result, there have been too few bold and imaginative efforts to develop modern principles that can be tested and reformulated so as to contribute to a cumulative process of extending our knowledge of administrative processes.

7. The major objective of this paper is to promote the synthesis of certain realistic "principles" - on the basis of the vague consensus already existing - on the administrative aspects of economic development planning. The following chapters therefore, will set forth a series of propositions, or principles, dealing with

- (a) The interdependence of planning and administration (chapter I) ;
- (b) Certain major aspects of plan implementation: strategic guidelines (chapter II), obstacles (chapter III), and operating principles ; (chapter IV)
- (c) Machinery for planning (chapter V); and
- (d) Central-regional-local relations (chapter VI).

The entire set of propositions (twenty-five in all) is based not only on empirical studies of national planning, but upon the author's personal experience, observations, and discussions in various countries. They represent a major extension beyond the analytic-descriptive propositions presented in Action under Planning ^{10/}

^{9/} In his earlier work, particularly in his collaboration with Donald Smithburg and Victor Thompson in the writing of their jointly-authored Public Administration (New York: Knopf, 1950), Simon deals with decision-making as one aspect of administration. Subsequently, because of his personal interest in studying cognitive processes, he has written as though the entirety of administration could be understood from the decision-making viewpoint. It is interesting to note that while more impressionable people have been misled by this over-narrow approach, his own former collaborator, Victor Thompson, has sharply pointed out its inadequacies in Modern Organization (New York, Knopf, 1961).

^{10/} B. Gross, ed. Action under Planning: Essays in Guided Economic Development (New York: McGraw Hill, 1966). The essays in this volume are based on papers presented at an international conference in July 1964 sponsored by the Comparative Administration Group of the American Society for Public Administration. In unrevised form these essays were circulated separately as Occasional Papers among the international membership of the Comparative Administration Group.

and "National Planning: Findings and Fallacies." 11/ Even in this earlier work the effort was made to utilize whatever aspects of modern administrative theory (including decision-making theory, communication theory, organization theory, human relations and "administrative science" or "management science") may be relevant to development planning. In this paper, with its much greater emphasis upon prescriptive principles, greater use has been made of modern "systems analysis" - particularly in the more human form of the "social systems accounting" approach set forth as a conceptual framework for planning in "What Are Your Organization's Objectives? A General Systems Approach to Planning" 12/ and The State of the Nation. 13/

8. All these "principles" must be considered as "starting points", not "end points", and more as questions for future exploration than as final answers. If they are of any current use to national leaders, plan administrators and planning

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- 11/ B. Gross, "National Planning: Findings and Fallacies" in Public Administration Review, December, 1965, pp. 263-273. This article attempts to summarize empirical research on national planning through the development of the following analytic-descriptive (but not prescriptive) generalizations: (a) The perception of imminent crisis is usually a necessary (although not sufficient) condition for the emergence of national planning; (b) National planning, while an alternative to unplanned market competition, is itself a form of structured competition; (c) Established plans are often a serious obstacle to planning; (d) Planning for resource acquisition tends to take precedence over planning for resource utilization, particularly in the earlier phases; (e) Long-range planning has proved valuable mainly as a guide to current action; (f) Entirely apart from their technical contributions, economics and econometrics play important social roles in planning; and (g) To the extent that it actually affects economic behaviour, national planning involves the guidance of many changes in the structure and performance of social systems.
- 12/ B. Gross, "What Are Your Organization's Objectives? A General Systems Approach to Planning," in Human Relations, August, 1965, pp. 195-216.
- 13/ B. Gross, The State of the Nation: Social Systems Accounting, in Raymond A. Bauer, ed. Social Indicators, (Cambridge, Mass.: M.I.T. Press, 1966), and published separately by Tavistock Publications, London (in press). Popular applications of the social systems approach to national planning in the United States are outlined in B. Gross, "The Social State of the Union", Trans-Action, November/December 1965, pp. 14-17, and "Let's Have a Real State of the Union Message", Challenge, May/June 1966.

technicians, it is only as "currently useful generalizations". ^{14/} To be more useful, moreover, each of these propositions requires far more extensive development. Thus an entire paper, manual or book would be required merely to spell out the different kinds of combinations hinted at - let alone the corollary propositions - in the principle that "The power to achieve significant progress can be obtained only through some combination of centralization and decentralization." Indeed, in the space available, the treatment of all the propositions must necessarily be more suggestive than definitive.

9. When stated without much supporting detail, many of the generalizations will appear obvious, as might be expected when both practice and research provide the basis for an emerging consensus. On the other hand, each of them also stands out in sharp contrast from certain widespread ideas and practices which have seriously interfered with effective development planning and implementation. These misleading "proverbs" of development administration will be specifically identified as fallacies, myths and illusions, since an effort is needed to reduce their influence or modify them, if not replace them completely with more realistic generalizations.

10. It would also be a dangerous illusion, however, to think that any such general statements, even when developed in greater detail than appears in the following chapters, could possibly provide automatic, prefabricated solutions to any of the practical problems faced by national planners, any more than the theories of physics and engineering can by themselves provide blueprints for a bridge.

^{14/} The phrase "currently useful generalization" was first introduced by Wesley McNair, Professor of Marketing at the Harvard Graduate School of Business Administration, as a replacement for "principles" of management or administration. Yet the basic tradition of the Harvard Business School has been to concentrate upon the development of skills in reacting to the complex problems presented in the school's thousands of case studies. Little effort has been made to formulate "currently useful generalizations" in explicit terms. As a result, many implicit premises underlying professorial behaviour at the school have not been brought up-to-date and have survived long after they have become obsolete. The moral for public administration and the administration of economic development plans, as well as business administration, is that bold and continuing efforts are needed to state and re-state, amend and reject, generalizations that can be of help in dealing with new and changing problems.

Generalizations can be useful only when used and use requires certain knowledge, abilities and interests on the part of the users. Principles of planning and development administration can supply only a firmer foundation, but never a substitute for the judgement and intuitive wisdom of planners, administrators and national leaders. 15/

15/ Administrators and political leaders, who find difficulty in grappling with abstract generalizations, establish a false standard for judging the utility of a theory, maintaining that it is not useful if it does not provide specific answers to specific questions. Good administrative and political theory, however, "must themselves deal with the limitations of both theories and theoreticians in an administrative environment ... with the components of organizational action other than theory of knowledge". B. Gross, The Managing of Organizations, 2 vols. (New York: Free Press, 1964), pp. 315-316.

I. INTERDEPENDENCE OF PLANNING AND ADMINISTRATION

11. Through bitter experience it has become increasingly apparent that progress in economic development requires a realistic awareness of the close interdependence between planning and administration. The lack of this awareness may lead to a dangerous separation between plan formulation and plan implementation and to serious misunderstandings between planning technicians and administrators at all levels of government.

12. It is very difficult, however, to attain an explicit and readily communicable awareness of this interdependence. The words "planning" and "administration" mean different things to different people. There are different concepts -- indeed philosophies -- of both planning and administration. These inherent difficulties are compounded by the varying linguistic usages in different languages, countries, cultures, organizational environments, and scientific disciplines.

13. Nevertheless, without trying to resolve all the terminological differences, it may be possible to set forth a few helpful propositions.

A. Planning as an integral part of the administrative process

14. In almost all countries, administration is regarded as the process through which administrators (or managers, executives, administrative assistants, etc.) help achieve certain purposes through the activities of people in an organization. The organization may be public, private or mixed. The administrators may operate at varying levels of authority, responsibility and prestige. They must deal not only with subordinates and immediate associates, but also with the external environment of their organization (or unit). At the higher levels of administration, the administrators need many highly specialized administrative services. At the highest levels of central government administration, administrators face environmental challenges of enormous complexity and must call upon specialist services of increasing complexity.

15. Although administrators and theorists from different countries would use different words to express the content of the above paragraph, most of them could readily agree with the substance -- so far as it goes.

16. Interestingly enough, if we go one step further and state that planning is an essential part of the administrative process, there will be even greater agreement. The concept of planning as part of the administrative process has been a continuing part of all administrative thought. Thus, early in the twentieth century Henri Fayol identified five elements of administration. The first was "to forecast and plan". The others: to organize, command, co-ordinate and control. Planning was one of the major preoccupations of Frederick Taylor. It was the first of the seven administrative processes in Luther Gulick's famous POSDCORB. It was a major concern of both Mary Parker Follett and Chester Barnard. It is a major orientation of the mathematically inclined technicians engaged in "management science". Indeed, even the most modern thinkers and teachers follow the lead of Fayol by subdividing

administration generally into the more specific administrative processes of planning and control or, with the term "control" split into its two components, planning, activating and evaluating. Decision-making and communicating, in turn, are often usually regarded as underlying processes that enter into planning as well as into activating and evaluating.^{16/}

17. Terminological difficulties develop, however, with the expansion of specialized staff services to help administrators plan. The term "planning" is often used in the title of specialized staff agencies. The more specialized members of these agencies are often called "planners" and may even be thought of as "the planners". This terminology often leads to the planners vs. doers illusion, whereby it is assumed that the specialized technicians have some monopoly on the planning process and the administrators are involved "only" in doing. This leads, in turn, to a situation in which all the important planning is done by the doers without their having the benefit of enlightenment and stimulus by staff specialists who understand their problems.

18. To counteract this widespread fallacy, we need something more than terminological clarification and consistency. Towards this end, the following principle may be formulated: "The most effective government planners are those involved in certain day-to-day activities of government." Administrators are more than mere doers. More than anyone else, they are heavily involved in making the critical decisions on programmes and policies and developing the network of commitments that make any part of a plan feasible. Naturally, "involved in" does not mean "pre-occupied with". Total preoccupation with day-to-day activities may prevent both technicians and administrators from giving enough attention to planning for the future. "Involved in" means having the kind of contact with current decision-making without which people are scarcely qualified to understand the peculiar problems in each country, the uniqueness of every situation, the specific obstacles that must be overcome and the capacities of key institutions, groups, and individuals. This contact may be obtained by participating in one way or another in such critical current matters as the annual budget, the handling of foreign currency controls, the reorganization of a major project, the breaking of critical bottlenecks or the evaluation of certain successes or failures. Contact with such current matters, it might be added, provides an essential bridge between the present and the future. After all, the major contribution of middle-range and long-range planning

^{16/} These various concepts of planning are summarized in the chapters of The Managing of Organizations (New York: Free Press, 1964). A detailed analysis of the administrative processes of planning, activating and evaluating, linked with decision-making and communicating, is provided in the same publication in chapter 29, entitled "Rationality: Administrative Processes".

is to serve as a guide to current action.^{17/} Thus, planners for the middle-range and long-range future, including both administrators and specialists, need contact with the immediate and emergent present, rather than isolation from the present in a comfortable ivory tower.

19. This proposition, let it be noted, has many implications for the administrative machinery of national development planning and for the development of centre-regional-local relations. Some of these will be discussed in the following sections.

B. Plan administration as social system guidance

20. It is a truism that national economic planning deals with efforts to change the structure and performance of an economy. This is why good economists and high-quality economic analysis are essential for success in planned economic development. But the distance is not far from this truism to the dangerous fallacy of economic planning as merely economics. This fallacy, often unwittingly propagated by the behaviour of economists who know better, has resulted in an underestimation of the critical roles of administrators and political leaders in both the formulation and the implementation of economic goals. It has led to a tight monopoly by economists on positions of professional advice-giving. It has diverted the attention of many young economists from the great tasks of institution building and social reconstruction and contributed to their estrangement from administrators and national leaders. This fallacy has helped the supersalesmen of sophisticated econometrics -- and has in turn been propagated by them -- in their efforts to present mathematical economics as the major conceptual tool for economic development. The result has often been the wasting of good brains on refined technicalities with little or no basis in empirical data and a parallel neglect of tasks of collecting more reliable data than can be put together through the less spectacular processes of definition, addition and subtraction.

21. On the other hand, there is increasing recognition in all countries of the fact that economic planning is much more than economics. Hence, a sophisticated descriptive proposition, developed at an international conference, tells us that "many of the conscious objectives and unintended consequences, as well as many of the means required for goal formulation, implementation and evaluation, are usually political, cultural, social or biophysical rather than merely economic".^{18/} In

^{17/} This point is developed at somewhat greater length in the fifth proposition set forth in Gross, "National Planning: Findings and Fallacies" in Public Administration Review, December, 1965.

^{18/} Robert J. Shafer et al, "What Is National Planning?" Action under Planning, op. cit.

prescriptive terms, this proposition may be re-stated as follows: "All planners should recognize that economic considerations are intimately tied up with a large variety of non-economic variables."

22. Experienced planners know that there is no such thing as a purely economic problem. Any real-life economic problem -- once we escape the ceteris paribus assumptions of economic theory -- is usually also a problem in administrative and organizational change, in the political balancing of divergent interests, in changing cultural values, and in the technologies of dealing with physical, biological or ecological processes. Although economic analysis touches almost everything and, when imaginatively applied, can provide a useful entry into anything, it can cover nothing completely or definitively.

23. One of the great paradoxes in planned economic development, however, is that those who seek to deal wisely with the non-economic as well as the economic variables run the risk of getting mired down in too much complexity. To jump around from one discipline to another, from economics to political science, sociology, anthropology, psychology, management theory, the administrative sciences and operations research, is to run the risk of a dilettantish loss of all perspective. The remedy for the narrowness of economic models, therefore, may well be not the juggling of a large number of non-economic models, but rather the development of a general model of society that brings the economic and non-economic concepts together into an integrated framework. Towards this end, important work is being done on systems theory. Many directions for future work are suggested in The State of the Nation,^{19/} which sets forth a general systems model of a social system at the level of the nation-state, with an indication of how the model may be applied -- with certain adjustments -- to the major subsystems in any nation. "This model incorporates the major concepts traditionally used in national economic accounting, but broadens them from a set of economic indicators alone to a set of social indicators. According to this model, the state of any nation at any period of time -- past, present or future -- can be analysed in terms of two interrelated multi-dimensional elements: system structure and system performance. The elements of system structure deal with the internal relations among the system's parts, the elements of system performance with the acquiring of inputs and their transformation into outputs. Both involve relations with the external environment. This mode, or any part thereof, may be flexibly applied to describe the unique characteristics of any country whatsoever, no matter what the level of industrial development or the type of political regime. The value of a general systems approach to all possible variables is that it provides a background for selecting those variables most appropriate to specific situations and for changing one's focus as the occasion warrants. It can prevent ceteris paribus from becoming ceteris incognitis!"^{20/}

^{19/} B. Gross, The State of the Nation, op. cit.

^{20/} Ibid., part 1.

24. The most effective administrators and economic advisers already operate intuitively on the unstated premise that their task is to guide major changes in social structure and performance. With their help and participation, it will be possible to convert their intuitive wisdom into explicit concepts and generalizations concerning national planning as the guidance of change in social systems.

C. Administrators as integrating generalists

25. One of the greatest ideas and traditions of administrative theory and practice has been the concept of the administrator as the generalist. "This concept is particularly applicable to the higher-level administrators, whose responsibilities usually include the co-ordination of the work of many specialists or experts. It may also be applied to other administrators as well -- albeit in a more limited sense. Even though they operate at a lower level of generality, they are usually involved in the co-ordination of the work of different people with special problems and viewpoints. Also, in handling relations with the external environment of their units, they usually deal with a more varied array of problems than faced by their subordinates."^{21/}

26. Unfortunately, the concept of the administrator as generalist has been undermined from two directions. On the one hand, the tradition of the "gentleman generalist" in some countries has produced many administrators with a narrow, parochial attitude towards specialized expertise in economics, engineering and other technical fields. On the other hand, the fondness for specialization in certain other countries has led to an over-emphasis upon the proliferation of narrow techniques. This has been particularly apparent in the field of public administration, where such specialized techniques in work study, personnel matters and budgeting have often been regarded as the essence of administration, rather than simply as certain types of aids in administration. With administrative theorists and "experts" deserting the generalist area, the fallacy of administration as technical gadgetry has become rather widespread. This has been most dangerous in the field of so-called "civil service reform". Here attempts have been made to take job classification techniques and so-called "merit systems" originally developed for large, stable organizations in industrial societies and to apply them to small, rapidly-changing organizations in pre-industrial societies. The results of these efforts require dispassionate evaluation by observers not committed to the merits of the original reform proposals. Preliminary observations in certain countries suggest that these reform efforts may have at time the unintended effect of curtailing initiative and enterprise in development agencies, enlarging the heavy burden of regulations and paperwork on people trying to get a job done and contributing to the evasion of civil service controls as the only way to get things done.

^{21/} B. Gross, The Managing of Organizations, op. cit., "The Management of Organizations," chapter 10, p. 242.

27. To cope with such problems, it is essential to build upon the concept of the administrator as generalist. But the day of the Gentleman Generalist is over. Nor is it enough that development plans be administered by Middlemen Generalists, who concentrate on making deals and compromises among the growing number of specialists. In industrializing nations, a major principle of true administrative reform should be that "effective development requires greater recognition of the need for Integrating Generalists".

28. In general terms, the qualities of the Integrating Generalists may be described as follows: They are expected to see the woods as well as the trees and to be motivated by interests broader than their own or even of their own organization. They are looked to for skills not only in communication and compromise, but in the constructive integration of divergent interests. They are expected to understand the organization's broad environment as well as, or even more than, its internal workings. They are expected to know enough about relevant techniques to enable them to understand, evaluate and co-ordinate the activities of many specialists and professionals.^{22/}

29. The integrating function of the development generalist has many aspects. It involves the integration of the many specialized administrative techniques, so that the use of administrative gadgets is subordinated to the higher objectives of economic and social progress. Only thus can truly meaningful "civil service reform" programmes be developed and put into practice. It involves a continuous prodding of economists by probing into their premises and definitions, by setting them on right tracks and carefully judging their performance. This means that the true generalist must learn enough about economics and other specialized fields to understand their limitations and their distinctive contributions. Rather than feeling uneasy when confronted by experts, the Integrating Generalist must always be aware of the necessity of getting the benefit of conflicting expert judgements and the desirability of encouraging new and promising fields of expertise and specialization. He must be aware of the need to help specialists appreciate the real-life complexities of the problems faced by administrators and political leaders and the interrelations among the many fields of expertise. But he must never underestimate the tremendous contributions that can be made by the high-class, narrow expert, who is concerned primarily with his own expertise. The administrator must be able to relate the work of such an expert into the society as a whole.

30. Above all, the integrating function extends not only to specialists, but to special groups and interests in the society. The Integrating Generalist knows how to build an "activation base" (or "support network") for development programmes by

^{22/} B. Gross, The Managing of Organizations, op. cit.

organizing various coalitions and alliances among public and private groups and individuals. It is in this important sense that, in the extremely significant words of a recent report, the role of the administrator has become "one of mobilization rather than supervision. . . (with) development based on activity, impetus and co-operation and not on hierarchy and authority."^{23/}

^{23/} Administration of National Development Planning, Report of a Meeting of Experts held at Paris, France, 8-19 June 1964 (United Nations document, ST/TAO/M/27), p.5.

II. IMPLEMENTATION: STRATEGIC GUIDELINES

31. The generalist administrator, as already suggested, tries to understand the broad environment within which he operates. If he fails to do this, he may become thoroughly bogged down in the technicalities of complex issues and in the perverse intricacies of group conflicts and manouevering.

32. As a result, he may easily lose sight of the world in which he and his colleagues operate, of the possible implications for his country of the revolutionary developments in modern science and technology, of the potentialities of the future, and particularly of people as human beings. To the extent that this happens, he becomes less capable of providing strategic guidance to technicians and strategic advice to political leaders. Accordingly, it might be useful to suggest certain general guidelines that may help national planners achieve and maintain a balanced perspective.

A. The emerging world society

33. In the first full-flush of campaigns to win independence from colonial rule, national leaders must necessarily appeal to nationalistic aspirations. They must stress the glories of self-rule and self-determination. After political independence is won, they often find themselves in control of a state, but not a nation. The absence of any wide sense of "nationhood" compels them to engage in the arduous labours of "nation-building". It has long been recognized that investment in nation-building may demand expenditure and investment policies that, from a narrow point of view, seem un-economic, but, from a broader viewpoint, lay the political foundations for subsequent economic growth. What has not been usually recognized, however, is that nation-building efforts may too readily create a widespread illusion of Rational autonomy.

34. The fact of the matter, however, is that "the environment of all national planners is the emergence of a world society of increasingly interdependent nations." Today, as Russett has pointed out, " 'one world' has a meaning beyond the understanding even of those who lived just a generation ago!" ^{24/} Indeed, in previous generations, people tended to think of some future world society as some blissful state of rational order to some anti-utopian form of central regimentation. What has actually been happening is neither the utopian dream nor the anti-utopian nightmare.

^{24/} Bruce Russett, Trends in World Politics, (New York: Macmillan, 1965), p. 121.

35. In another context, some preliminary comments follow on the actual world scene:

"Today, unheralded and uncelebrated, a world society is slowly and painfully coming into being. It is characterized by the growth of increasingly interdependent nations, both industrializing and post-industrializing, of world-spanning organizations, of urban world centres, and of world-oriented elites. This growing interdependence is facilitated by communication-transportation systems that, for some activities, are continuously decreasing the space-time distance between Washington and Moscow more rapidly than that between Washington and Wichita or Moscow and Mintz.

"The emerging 'One World' hardly conforms to the visions of the utopians -- any more than does the giant organization to 'classical' ideas of administration, the megalopolis to the models of city planners or the 'great societies' to Keynesian theory. The world society includes a bewildering variety of subsystems increasingly locked together in conflict-co-operation relationships. The world polity is characterized by polycentric conflict, intersecting coalitions, continuing outbreaks of localized violence, many possibilities of 'escalation,' and spreading capacities for nuclear destruction. The political instrumentalities of conflict resolution and regional and world integration operate -- as in nations, states and cities -- in an atmosphere of pressure and power politics, behind-the-scene lobbying, rotten borough representation, moralistic double-talk, deception and self-deception. The world economy tends to be disorderly -- neither free nor planned. The world culture, on the one hand, tends to submerge national characteristics and values in a homogenizing flood of material goods and international styles. On the other hand, it includes vast value differences and sharp value conflicts. Like Megalopolis, the world society is a territorial entity without a government. It is an all-inclusive complex macro-system with remarkably complicated and unpredictable -- although increasingly structured -- mechanisms of mutual adjustment." 25/

36. These confusing facts of life have at least three important implications. First, in their nation-building efforts, the leaders and administrators

25/ B. Gross, Space-Time and Post-Industrialism, op. cit., pp. 45-46.

of industrializing societies must clearly see that they are building interdependent nations. They should not confuse political independence with dreams of perfect autonomy, autarchy or self-sufficiency. They must recognize the necessity of developing the capacity to engage in an ever-growing array of transnational operations, including trade, finance, tourism and politics.

37. Second, they must try to understand the world, particularly the changing world economy and the shifting structure of international power. This does not mean that they must understand the world. Few have yet been able to do this. But an effort to understand must be made and, with the realization that this may require, new ways must be found of looking at facts and making rapid adjustments to new situations.

38. Third, and of no less importance, the national planners in industrializing nations must give even greater attention to the strengthening of the United Nations, its specialized agencies, its regional organizations, and, above all, its central organs. Despite its weaknesses, the United Nations is nonetheless the world's best hope for peace. It can perform functions in the promotion of economic and social progress that cannot possibly be handled in any other way. It can harmonize the national planning of individual countries -- a vital function in an interdependent world. Overly-nationalistic planning could easily lead to cut-throat international competition, "beggar thy neighbour" policies and international economic warfare. Only through greatly expanded and improved activities by the United Nations, on a world-wide as well as a regional basis, can the framework be developed for the kind of national planning that will contribute to both progress and peace.

B. The new science-technology revolution

39. One of the most obvious factors in creating the new world society, as already indicated, has been the remarkable growth of world-spanning communication and transportation systems. Yet these systems, which will be much more spectacular in another five years, are merely a dramatic aspect of more far-reaching scientific and technological changes that are having revolutionary effects upon every country in the world. Indeed, one of the most dangerous proverbs of our modern era is that the scientific and technological revolution took place in the nineteenth century. The development of the steam engine, the spinning jenny, the railroad and the wireless was nothing but a prelude to what is happening now. Indeed, the new science-technology revolution of the computer, high-energy physics, physics and bio-chemistry is already bringing about (as it is also a product of) a great social transformation in Western societies from the last stages of industrialism to the first stages of post-industrialism.

40. In the United States this vast, unheralded social transformation is already characterized by

- (a) An "information explosion" that, by creating great new areas of knowledge that few people can keep up with, has brought into being an "ignorance explosion";

- (b) A declining volume of employment in the production of goods;
- (c) A vast expansion in services;
- (d) The growth of the "learning force" (the total number of people engaged in formal educational programmes) to the point where it will soon exceed the employed labour force;
- (e) Totally new relations between work, education, leisure, and recreation;
- (f) New values and interests based upon abundance rather than scarcity; and
- (g) New social conflicts as people and institutions find difficulty in adjusting to new conditions. 26/

41. In the industrializing countries it is not yet clear what the implications may be of the new science-technology revolution. On the one hand, lacking the scientific institutions and personnel capable of innovating or even of "keeping up" on a broad front, the development planners in these countries must for a considerable time depend upon "pipelines" from those countries on the front lines of scientific progress. On the other hand, it may be possible in many areas to "leapfrog" obsolescent technology and, without being embarrassed by heavy investments in older methods, start out on a higher plane. To do this successfully, the industrializing countries must guard against being used as the dumping grounds for obsolescent machinery and experts.

42. In the post-industrializing parts of the world, an operating axiom is "if it works, it's obsolete." This cannot, and should not be taken over by development planners in industrializing countries where, in connexion with the beginning of any new project, the comparable comment might be "if it works, it's a miracle." But the development planners in industrializing societies must question all technical proposals, whether submitted by local experts or prestigious foreign experts. They must never take for granted that a technology that has proved itself elsewhere in the

26/ B. Gross, Space-Time and Post-Industrialism, op. cit. See also the Sections on "From Pre- to Post-Industrialism" and "Industrializing and Post-Industrializing Performance Patterns" in Gross, The State of the Nation, op. cit.

past is necessarily the most appropriate for the next stages of their own development. For better or worse, difficult though it may be, they must prepare themselves to accept the principle that "in a world of revolutionary, scientific and technological changes, the planners of accelerated economic development must always be alert to the potentialities of new technology

C. Planning for the improbable

43. Like politics, administration has often been called the "art of the possible". In the administration of economic development planning, this phrase is particularly relevant. It warns against "paper planning," against blind commitments to the blatantly impossible. It reminds us that desirability is not the only test of a rational course of action and that desirability must be blended with feasibility. And, if a major development project such as a new dam is to be feasible, many practical requirements must be satisfied. Not only the technical plans must be available, but the money also; not only the money, but the materials, machinery and trained labour to be obtained with the money; not only the resources, but the administrators capable of using such resources and maintaining their supply; not only the administrative capacity, but the political backing and coalition of supporting agencies necessary to overcome all sorts of inertia and resistance.

44. Once the first full-flush of enthusiasm for development planning is passed, once the planners begin to face up to the almost unbelievable difficulties in getting anything done, there is the danger of a quick swing of the pendulum. From the previous extremes of seeking the impossible, the planners may go so far in emphasizing the possible that they will think mainly of short-run feasibility. In this effort, they will often be encouraged by economists who have become accustomed to fighting utopia with myopia, that is, with "hard nosed" calculations of the small benefits that might be obtained quickly. The result can easily be that instead of planning for the impossible, they will focus upon the most possible and feasible of all, namely, the inevitable. This is the fallacy of epiphenomenal planning. 27/ Here the main advantage is that the planners can take credit for any minor progress that might have taken place anyway. And, if no progress takes place, they can justify their action by appealing to certain modern concepts of rationality as

27/ "Epiphenomenal planning" is a term first used by Peter Wiles in his The Political Economy of Communism (Cambridge, Mass.: Harvard University Press, 1962), pp. 72-75. Wiles uses the term broadly, including not only planning for what will happen anyway, but also planning backed up by persuasive efforts only. The term should preferably be confined to the first of these usages.

"incremental meliorism" or "the science of muddling through". 28/

45. Yet, "the possible" covers a broad spectrum. It includes everything ranging from the inevitable and the most feasible up to the somewhat improbable and the highly improbable. To the extent that man is capable of influencing events on this earth, he escapes the constrictions of the former and moves more frequently towards the latter. Indeed, the major aims of economic planning in industrializing nations is to attain the improbable. This requires the highest skills of administration and political leadership -- the skills needed to transcend obvious feasibilities and bring the improbable into being. Thus, "in its highest forms, development planning is the art of the improbable, not merely the possible."

46. The entire history of Western industrial growth in the nineteenth and early twentieth centuries has been one of taking great risks - and many failures. In driving forward towards accelerated industrialization, the leaders of today's industrializing nations can hardly afford to be paralyzed by the overcautious fear of failure. It is not enough to heed the warning in the Book of Proverbs: "Where there is no vision, the people perish." They should also ponder the words of the Mahabhrata: "No man can reap good without incurring danger."

47. "The danger of futile utopianism does not lie in the grandeur of a vision or the beauty of a dream. It lies rather in the failure to concentrate on the myriad details of today and tomorrow (for this is where the future is made) and the failure to learn today from yesterday's past errors. 29/ Indeed, incremental meliorism is one of the weapons in the arsenal of those who are masters of the art of the improbable. No revolutionary change has ever occurred except through a sequence of small steps. The vision is lost only when the planners fail to deal with long, flexible sequences of small steps leading towards distant goals. "Muddling through," in the sense of making necessary compromises and shifting from one immediate goal to another, does not necessarily shatter the great dream, so long as the compromisers and goal shifters keep their eyes on the long-run strategic objectives that justify their daily tactics. In the past twenty years, mention has often been made of the "economic miracles" achieved by two industrialized nations, Japan and the Federal Republic of Germany. There is good reason to believe that in the next twenty years successful planning for the improbable, aided by scientific ideas and technologies not yet developed, will yield many more such "miracles" among the nations now starting the industrializing process.

28/ Charles E. Lindblom, "The Science of Muddling Through", Public Administration Review, Vol. XIX, No. 1, Spring 1958, pp. 79-88.

29/ Bertram M. Gross, "The Gamesmanship of National Planning", prefatory comment to Fred G. Burke, Tanganyika: Preplanning (Syracuse: Syracuse University Press, 1965), pp. xxviii-xxix.

D. The interest of human beings

48. One of the charges against industrialization as it developed in the past is that people have been forgotten in the industrialized world. They have been treated, the social critics tell us, as cogs in a machine, commodities to be bought and sold, things to be manipulated, instruments of achieving power and building wealth -- but not as human beings. ^{30/} It is well to ask whether there may not be similar tendencies among the nations now entering the early stages of industrialization.

49. It would appear that the current styles of economic development planning often lead planners and administrators to forget human interests. Projections of income and product, savings, investment, and consumption, foreign trade and foreign currency often take on a reality of their own, which is divorced from contact with people and their interests. Projects, dams, factories, and agricultural production are defined in cold and presumably scientific terms that, apparently, have no connexion with definable groups of people. Indeed, in many national plans, most books on development economics and almost all books on the administrative aspects of development planning, little or nothing is said about the human interests of man. This is the widespread and extremely dangerous fallacy of forgetting people.

50. Yet -- and this is one of the most important principles of development administration -- "the only good justification of national planning is to help serve the interests of people". In an abstract way planners will quickly bow to this principle by pointing out that the long-run objective of their planning is to increase the material well-being of all the people in their country. Having disposed of the matter, many of them will then return to their projections, projects and budgets.

51. But it is a terrible over-simplification to think of material well-being as the only interests of man that can be served through national planning. The interests of people in overcoming poverty, disease, ignorance and despair are inextricably tied up with their equally deep human interests in justice, dignity, self-respect and the ability to participate in decisions affecting their lives. The "quality of life" is of concern not only to the rich nations, but to all mankind.

52. This is not merely a matter of long-range objectives. As a short-range matter, the very viability of any national planning system depends upon what interests and whose interests it is seen as serving. Every important planning decision involves

^{30/} This criticism has been made by many authors including Marx, Schweitzer, Orwell, Mumford, Huxley, Kafka, William H. Whyte, Fromm, Argyris and Marcuse. Their views have been briefly summarized in "Threats to Mankind", Chapter 4 in Gross, The Managing of Organization, op. cit.

some calculation concerning the interests that will be served or frustrated. Indeed, a projected "level of investment" refers to the behaviour of identifiable people in their role as investors, savers and consumers. Any price index is merely a convenient way of reporting on the behaviour of certain people in their roles as buyers and sellers of certain goods or services. Indeed, a plan itself is merely a way of describing the desired future behaviour of certain people and groups. More specifically, it usually describes how some people want many other people to behave.

53. There are many difficulties involved in dealing frankly with human interests. With every development project, every sectoral programme, every cross-sectoral policy, there are many parties and interests, most of which are divergent and conflicting. Every group and individual, in turn, has interests that are multiple, hard to identify, divergent and conflicting. With every forward step in development progress, many of these interests are apt to change. They are apt to change radically from one generation to another. It is extremely hard to appraise the extent to which specific interests of any group have in fact been satisfied or frustrated. Indeed, satisfaction and dissatisfaction are often closely connected, as are irrational, non-rational and rational behaviour. Finally, the ubiquity of interest conflicts, as evidenced in pressure-group activity and civil unrest, may lead some administrators and planners to the cynical conclusion that they cannot find any "public interest" or "common interest."

54. There was once a famous judge who used to ask his former law clerks whenever he met them "What have you done recently to serve the people?" Some top administrators, when confronted with complex technical issues, are in the habit of asking "What could this (or the other) course of action mean in the daily lives of people? Which people? When?"

55. These are the kinds of questions that should be asked more frequently by development administrators. In the process of asking, they must probe carefully, trying to identify the specific interests that may be met or violated and looking for the compromises and creative adjustments that can cope with dangerous interest conflicts. In a major sense, a national development plan is a programme for meeting certain common interests of all the people in a country. There is no place in national planning for administrators and planners who are cynical and scornful of public interest orientations. The world needs more national planners and plan administrators who, by their understanding of people's divergent and conflicting interests, can get action to serve the various interests of many people and groups.

III. IMPLEMENTATION: OBSTACLES

56. While maintaining and promoting perspective on the world environment and human aspects of development planning, plan administrators must also take a realistic view of the many obstacles standing in the way of actual progress. Indeed, they must be capable of diagnosing the specific obstacles that impede action in the unique circumstances of time and place.

57. Adequate diagnosis, however, is not always forthcoming. "Like any other problem, the problem of getting desirable results through economic development planning is often responded to in an irrational manner. The existence of an implementation problem may at first be denied. When admitted, it may be handled in terms of an habitual reaction without any effort at diagnosis."^{31/} The attempted treatment may be irrelevant to the difficulties or may even accentuate them.

58. The following principles are presented merely as possible, but far from sufficient aids in the delicate process of diagnosing unique difficulties.

A. Resource scarcities: physical, human and organizational

59. Since expertise is an essential element in all forms of modern planning, there is a natural tendency for many people to think that any obstacle to successful planning may be overcome by a greater application of expert knowledge. This "knowledge is all" illusion is, indeed, often fostered by "experts" themselves and by the administrators of technical assistance programmes.

60. From a long-range viewpoint, of course, the advance of human knowledge, particularly in the form of science and technology, is the most dynamic and significant factor in economic growth. But the opportunities for exploiting science and technology in any particular country exist within the constraints of a specific bio-physical environment. In industrializing countries, it may be stated categorically that "the first obstacles to economic growth are scarcities of physical, human and institutional resources".

61. The most obvious scarcities are in the field of physical assets. On the one hand, there is only a limited supply, which is very unevenly distributed, of housing, household equipment, food, clothing and medical supplies. On the other hand, there is only a limited supply of the resources needed to expand consumer goods: plant, equipment and machinery; a suitable infrastructure of communication, transportation, electric power and irrigation facilities; and a well-rounded natural resource base. On this last point, it must be noted that natural resources, such as agricultural forest, miner and water, tend to be unevenly distributed over the face of the earth. The Western world, including North America as well as

^{31/} Bertram M. Gross, "Activating National Plans," in Gross, ed. Action under Planning. op. cit.

Europe, has been more conspicuously endowed with a broad variety of such resources than the rest of the globe. ^{32/} Most of the poor countries suffer from, and are characterized by, serious resource deficiencies. Agricultural and forest land typically suffer from erosion, soil depletion and recurrent droughts and floods. "The peoples of the present under-developed areas do not have the opportunity of moving to virgin land that is richer than the land now occupied. In most under-developed countries, the present distribution of population reflects very accurately the distribution of known resources, including soil fertility." ^{33/} The situation with respect to mineral resources is very uneven. Where high-quality resources were long since discovered during previous periods of exploitation, this has usually led to lop-sided economic development -- as in Mexico, Venezuela and the oil-rich countries of the Middle East. Other known mineral reserves are often composed of low-quality ores requiring expensive processes of extraction or refining. In many cases, moreover, the extent of mineral resources is not known; exploration and development are expensive and long drawn-out processes.

62. But people are the most important resource in any country. Natural and man-made wealth are "resources" only because people find them useful and develop them. In absolute and purely quantitative terms, the industrializing countries, particularly those with the largest and the most rapidly growing populations, are "people rich." Their people represent great untapped reservoirs of productive power and undeveloped sources of purchasing power. But relative to other resources, such as, land, machinery and electrical energy, the population is often so large as to constitute a serious burden. More important, the quantitative over-supply of people in relation to physical resources is usually accompanied also by a serious qualitative under-supply of people with an adequate level of health and physical energy, literacy, education and training. Indeed, every "developing" country in Asia, the Middle East, Africa and Latin America is seriously handicapped by the lack of people with high-level technical and managerial skills.

^{32/} The percentage distribution of the world's supply of potential energy from all sources other than manpower (that is, from coal, oil and natural gas, water, wood, manure and work animals) has been estimated as follows for 1948:

<u>Energy-rich areas</u>		<u>Energy-poor areas</u>	
North America	43.5	Central and South America	4.6
Europe	27.4	Asia	8.7
USSR	12.3	Africa	2.6
		Oceania	0.9
TOTAL	83.2	TOTAL	16.8

Source: W.S. Woytinsky and E.S. Woytinsky. World Population and Production (New York: Twentieth Century Fund, 1956), p. 931.

^{33/} Benjamin Higgins, Economic Development (New York: Norton, 1959), p. 244.

63. To the shortages of knowledge and skills must be added the lack of widespread, realistic motivation. After centuries of poverty and oppression, apathy and hopelessness tend to become a way of life. Recurrent failures to obtain small material improvements, together with the broken promises of politicians, support whatever tendencies towards fatalism that may exist in the traditional culture. Thus Kusum Nair, after visiting scores of Indian villages, reports upon the widespread phenomenon of "limited aspirations." She finds that

"A great majority of the rural communities do not share in this concept of an ever-rising standard of living. The upper level they are prepared to strive for is limited and it is the floor generally that is bottomless In a situation of limited and static aspirations, if a man should feel that his requirements are just two bags of paddy per year, he works for two bags, but not for more. If he looks to the stars, it is only to worship them, not to pluck them."^{34/}

64. Similar reports may be obtained from those who have visited among the peasants of Pakistan, Burma, Thailand, Indonesia, and Malaysia. The "revolution of rising expectations," so widely hailed as the driving force behind economic development in the poor nations, certainly exists, but as a revolution of uneven expectations. It expresses the great aspirations of rising elites, particularly a minority of national leaders, intellectuals and entrepreneurs. When development motivations are aroused more broadly, many people tend to expect immediate miracles. This easily may lead to a "revolution of rising frustrations".

65. Although development economists have increasingly recognized the importance of the human factor, they have usually considered people as isolated individuals or members of "classification categories" dealing with skill levels or occupations. Yet individuals, no matter how able, can do little by themselves. They can produce significant increments of wealth only when working together in organizations, such as enterprises, associations, government agencies or political parties. Thus the industrial revolution in Europe and North America was accompanied by the growth of new, large and highly differentiated institutions capable of bringing people and physical resources together in the exploitation of science and technology. This has often been called the organizational, managerial or administrative revolution. The shortages of these institutional resources is a major handicap to the industrializing nations of today. (See the discussion of this point in chapter V-B.)

B. Realities of social conflict

66. Many planning technicians see national development planning as a "blackboard" problem exercise far removed from the real world of clashing values, competing interests and changing social systems. Indeed, as Gunnar Myrdal has pointed out with reference to non-Marxist thought, "there has always been a tendency in economics to gloss over interest conflicts".^{35/} Accordingly, a special version of the

^{34/} Kusum Nair, Blossoms in the Dust (New York: Praeger, 1962), p. 193.

^{35/} Gunnar Myrdal, The Political Element in the Development of Economic Theory (Cambridge, Mass.: Harvard University Press, 1954).

"knowledge is all" illusion has grown up: The fallacy of economic planning as merely economics. Indeed, as the currently accepted experts on almost all aspects of development planning at the national level, many economists have assiduously propagated this dangerous fallacy. True, in abstract terms they are always willing to recognize variables outside the realm of their expertise, as is also done by the architects and engineers who dominate, respectively, city planning and enterprise planning. But far more than the architects and engineers, they prefer the maintenance of monopolistic control of "their" field. This has been sadly and repeatedly illustrated by the many reports by economists on "plan implementation", which combine purely economic analysis with remarkably naive and pedestrian ventures into public administration.

67. Nevertheless, there is increasing recognition of the fact that "development planning is inevitably involved in various forms of open and hidden social conflicts". In their mildest forms, these conflicts take the simple form of inertia. People and organizations are not easily moved. They are weighted down by habit and custom just as physical objects are weighted down by their mass. As with physical objects, any effort to move or change them even a little bit is apt to create friction. An effort to move them far or quickly is apt to create active resistance and bring counterplans into being.

68. The most active form of resistance is based upon a felt conflict of interests. 36/ In the case of "cross-sectoral" plans, 37/ a certain kind of resistance can reasonably be anticipated from the very nature of the plans themselves. Thus plans for the following will probably be opposed by these groups:

Higher taxes	Taxpayers
Wage controls	Wage earners, particularly their labour union representatives
Price maxima	Sellers
Price minima	Buyers
Higher interest rates	Borrowers
Lower interest rates	Lenders

36/ The rest of this section is based upon "Activating National Plans," in Gross, ed., Action under Planning, op. cit.

37/ The term "cross sectoral" is based upon the proposition that national economic planning usually consists of some combination of five kinds of planning: aggregate, cross-sectoral, sectoral or sub-sectoral, enterprise and spatial. This proposition is set forth (along with other propositions defining planning processes, national planning in particular and national planning in institutions) in "What is National Planning?", Gross, ed. Action under Planning, op. cit.

69. The nature and intensity of the opposition will depend, of course, upon the specific circumstances and upon the degree to which the "injured" interests are organized. Sectoral and areal plans emerge out of a competition for scarce resources by organizations in different sectors and areas. While the distribution of these scarce resources among the various sectors and areas provides the wherewithal for satisfying certain interests, it inevitably implies -- at least in part -- the denial of resources to others. The process of resource allocation also has its negative side -- the distribution of dissatisfactions, which inevitably give rise to efforts to change official plans or impede their implementation.

70. Moreover, action based upon new technology always produces serious interest conflicts. "Technological change of any significance whatsoever is a threat, real or imagined, to the power or security of someone. . . . In its more obvious aspects, any technological change which enables the production of similar output with less labour threatens to reduce employment. But even where such an effect can be counterbalanced by expanded production or by transfers to other work, the change itself threatens established positions and expertise. It renders obsolete the accrued capital of knowledge in the hands and minds of those who operated in accordance with the previous processes. It may even suggest that the people responsible for the previous processes are inferior individuals, as compared with the wiser souls who promote the new processes. Furthermore, it may turn upside down the old world of established relationships and lead to a complete reorganization of work groups, tasks, responsibilities, and individual status." 38/

71. Finally, plans for changes in social structure, whether explicit objectives or merely corollaries of explicit objectives, lead the planners into the heart of deep-felt social conflicts. The limitation of caste or class distinctions, the control of monopolies, the regulation of any personal interests, the reorganization of industry or agriculture, the promotion of new co-operatives, trade unions or trade associations, the "levelling down" of privileged groups, the "levelling up" of the underprivileged - all such objectives pit planners against plan opponents. Under these circumstances, it is a rare thing if the social conflicts inherent in (or provoked by) certain plans for changes in social structure are not reflected to some degree in internal competition among the central planners themselves. "The more ambitious and dynamic the planning, the sharper this competitive process tends to be, and the more far-reaching are the implications for broader conflicts throughout the entire social structure." 39/

C. Errors by planners

72. One of the implicit premises underlying the behaviour of many national planners is the myth of planners' rationality. Since national planning represents concerted effort at the rational allocation of resources in the service of the general

38/ "People-in-Organizations: Formal Aspects," chapter 15 in Gross, The Managing of Organizations, op. cit., p. 355.

39/ Gross, "National Planning: Findings and Fallacies," op. cit., p. 267.

welfare, it is often taken for granted that any major decisions or proposals by national planners are ipso facto rational. This point of view is supported by political leaders who must build up their reputation for wisdom, administrators who are unwilling to take blame on their own shoulders and technicians eager to sell their services. Thus an approved plan is regarded as necessarily good for the country. When a plan cannot be carried out, this is no fault of the plan; it is an implementation problem. When the planning proposals of technicians are not accepted, this merely demonstrates the short-sightedness of administrators and national leaders; the proposals themselves were excellent. So the story goes.

73. A more mature approach to these problems may be based upon the alternative principle that "like everyone else, planners make errors in both substance and methods". Indeed, anyone with experience in national planning and the courage to examine his experience openly must come to the conclusion that rationality in national planning is intended rationality. Indeed, the effort to behave rationally, as in all processes of human learning, involves trial and error. The more effective planners exhibit a willingness to recognize and learn from errors rather than engage in a pretense of infallibility. The saddest cases of failure, as for example in agricultural production, are those in which, when a given course of action has proved ineffective, the planners try to justify their past by "doing more of the same". On the other hand, there are cases in which the national planners seem to have learned from their own and others' mistakes, breaking with past policies and developing many new approaches, such as the rural public works programmes and the use of private enterprises in distributing fertilizer and sinking tube wells as in Pakistan. Another fascinating case of adaptability was the giant "villagization" programme through which the Government of the United Republic of Tanzania in 1964 committed itself to a plan for relocating hundreds of thousands of people into compact agricultural villages. For a while the Government adhered to this plan, merely complaining about the difficulty of getting co-ordination among the many agencies dealing with housing, health, agriculture and other specialized aspects of village life. Within a year, however, the government leaders recognized that the plan itself was undesirable. By the end of 1965 the entire programme was quickly converted to a small series of pilot projects.

74. Still more broadly, it is very likely that substantive planning errors are being made continuously and on a large-scale basis. Thus, Lauchlin Currie, in his new book entitled Accelerating Development, suggests that many economic advisers have been guilty of major errors in economic analysis, including the following:

- (a) Ignoring the role of improved income distribution in economic growth;
- (b) Identifying well-being with national income;
- (c) Exaggerating the role of capital investment and capital output ratios, thereby contributing to capital waste and underutilization of plant capacity;
- (d) Underestimating the importance of putting unemployed labour to work; and
- (e) Seriously underestimating the benefits to be obtained (including the expansion of demand for locally-produced goods and the training of the

labour force) from investing in housing and urban development. 40/

75. In view of these errors, Currie believes it very important that certain national development plans - or certain parts of them - not be implemented. 41/ Similarly, in Eastern Europe there have been major efforts to uncover and correct previous planning failures by making new provisions for more decentralized decision-making. Some doctrinaire analysts in Asia and Latin America still have a long way to go in matching up with the "new-style socialism" that aims at utilizing market and price mechanisms and lightening the burden on the central government's planning officials. (See chapter IV-C).

76. Insofar as methods are concerned, there are certain typical errors that enter into what might be called "the administrative pathology of national development planning." Among them are the following: 42/

- (a) Document orientation, the tendency of planning technicians to hold that "the script's the thing," and not the play, concentrating their attention exclusively on memoranda and reports rather than the real-life behaviour towards which the documents are supposed to contribute;
- (b) Paper planning, "constructing plans without much critical analysis and then assuming the plans to be an accomplished fact", without much attention to details, intermediate steps or anything but the glory of a utopian dream;
- (c) Under-evaluation, not getting information on the details of implementation and unexpected side-effects or indirect results;
- (d) Over-evaluation, developing evaluating mechanisms that distort the fact-gathering process, overload the administrative machinery, and provide substitutes for action or justification of inaction or bad plans.

40/ Lauchlin Currie, Accelerating Development: The Necessity and the Means (New York: McGraw Hill, 1966). This book won the prize offered by the Society for Industrial Development for the best book on development in a contest open to citizens of all developing countries. Dr. Currie is Director of the Department of Economics in the National University of Colombia and of its new Institute for Investigations in Development.

41/ "It is much more important to revise many national plans than to implement them, since I feel that many of them are defective in their statement of the problem of underdevelopment and the diagnosis of the cause of underdevelopment, in their adoption of a growth rate in the G.N.P. per capita as the objective of planning and as the criterion of success in development, and hence in their choice of strategies and tactics. . . . Therefore, if I am to be logical, I must probably say that they should not be implemented!" From a letter of 9 May 1966 by Lauchlin Currie to the author.

42/ These points are taken from "Activating National Plans," in Action under Planning, op. cit.

D. Slow growth of useful theory

77. There have been three major currents in the development of serious theory and research concerning national planning as a whole: ideological debate, econometric technique and empirical analysis.

78. Ideological debate, sparked by the initiation of the Soviet Union's five-year plans in the late 1920's, has consisted of many heated, albeit remarkably abstract, controversies on the relation of national planning to "freedom" or "serfdom".

79. The development of econometric technique has led to significant advances in national economic accounting, input-output analysis, linear programming and computerized models of various economic transactions. It has also helped bring into being the fiction of scientific planning. In the effort to attract attention to their work and win the support needed for its improvement, the econometricians - like the proponents of "scientific management," "administrative science" and "management science" - have often capitalized on their use of certain scientific methods by exaggerating the extent of their actual scientific achievements.

80. Since 1960, the empirical analysis current has slowly started. In its earliest stages, the emphasis has been placed upon economic trends and the evolution of economic plans and policies in individual countries. More recent work has been broadening to include social, political and cultural variables and to produce comparative studies dealing with the experience of many countries. Here there has been little pretense of firm scientific findings and, indeed, there has been a marked caution against indulgence in "premature prescription".

81. All in all, there is ample evidence to support the proposition that "the scientific basis of national planning is still extremely weak, lagging behind both the achievements of natural science and the intuitive wisdom of the best planners". While this proposition applies also to the industrialized countries and to the economic aspects of national planning, the weakness is most evident in the case of the industrializing countries and the administrative aspects of planning. Indeed, many of the ideas governing development planning in the industrializing countries have been produced by Westerners with little understanding of these societies and still less experience with the practice or study of administration. "Few Latin American economies," notes Currie, "have received prolonged analysis by outstanding economists who also understand something of the Art of Getting Things Done." ^{43/} A similar comment - in still stronger terms - might be applicable to most countries in Asia, the Middle East and Africa.

82. Economic analysis of planning problems, however, is far ahead of the work done in other branches of social science. Public administration approaches to the subject have often been based upon static, formalistic concepts developed in the West and not attuned to the realities of dynamic social change. Very little has been done to apply to the administration of development planning the new advances in business management, organizational theory, and planned social change in formal organizations and industrial communities. While there have been significant academic

^{43/} Currie, Accelerating Development, op. cit., p. 7.

advances in the field of comparative government (sometimes mislabeled "comparative administration") and political development, outstanding scholars and thinkers in these areas have made little direct contact with the concrete problems of administering plans for national economic development.

83. One of the reasons for this slow growth has been the dogmatism and "apologetics" evidenced towards national planning in centrally planned and predominantly private enterprise countries.

84. Another reason for the slow growth in fact-based theory and meaningful research in the area of national development planning is the complexity of the elements involved. The problems of planned social change in pre-industrial societies are much more complex than the problems dealt with by physicists, chemists, biologists and engineers. There are many more variables to be dealt with, infinitely greater problems of quantification and data reliability and almost no opportunities for even partially controlled experiments. The varieties of cultural conditions and political regimes, combined with serious linguistic barriers, make it extremely difficult to identify the unique permutations in which basic variables combine in any one country at any one period of time. In short, the process of industrialization, "involving changes in nearly every important inter-personal and inter-group relationship within a society, is probably the most complicated subject man has attempted to study and understand". 44/

85. Finally, the dominant tendencies in modern science - specialization and emphasis on the natural sciences - both militate against progress in this field. With increasing specialization, analysts tend to ignore problems in the round and concentrate on that particular aspect of a problem that can be neatly classified in their special field of interest. Thus an integrated, inter-disciplinary or multi-disciplinary approach becomes more necessary and more difficult. The natural sciences move ahead with the momentum of a "benign circle," while the social sciences, as a whole, suffer from a "vicious circle". Because of their great achievements, the natural sciences receive an increasing share of the world's resources devoted to science and technology. Because their output is less dramatic, the social sciences receive a declining share of resources. Also, a disproportionate amount of scientific activity is devoted to military and para-military purposes. In the industrializing societies, the volume of scientific investment as a whole is remarkably small, while the absolute volume of resources devoted to the social sciences - on which progress towards any "science" of national development planning must be based - is pathetically small.

44/ Irving Swerdlow, "Economics as Part of Development Administration" in Irving Swerdlow, ed., Development Administration: Concepts and Problems (Syracuse: Syracuse University Press, 1963), p. 103.

IV. IMPLEMENTATION: OPERATING PRINCIPLES

86. At a certain level of analysis, the major principles necessary for overcoming the many obstacles to plan implementation are those dealing with the mobilization and use of influence.

87. Thus, in the discussion of the administrator as an integrating generalist, reference has been made to the process of mobilizing various interests (inside and outside of government) into an "activation" or "support" base. In a similar vein, attention must also be given to the strategies and tactics of the following:

- (a) Combining various types of persuasion and pressure into an "activation mix" appropriate to a given situation;
- (b) Managing conflict in such a way as to achieve acceptable compromises and integration of conflicting interests, with little avoidance, deadlock or defeat; and
- (c) Conducting action campaigns under conditions of considerable risk and uncertainty.

88. In this context, accordingly, it is more relevant to concentrate on a number of concrete administrative operations which, while they all touch upon the processes of mobilizing support, using influence, managing conflict and conducting campaigns, are somewhat more technical and conventional in nature.

A. Budgeting: The new "systems analysis"

89. "Since annual budgets are the principal means by which governments authorize and control most of their expenditures, most outlays provided for in the public sector portion of a development plan must be incorporated into these budgets if the plan is to be carried out. . . . A government's budget is therefore a key element in converting a development plan into a programme for action."^{45/} With these words Albert Waterston has expressed one of the operating axioms of economic development.

90. The difficulty with budgeting for economic development, however, is that the government budgeting techniques inherited from colonial days have been defective. Budgetary reform, on the other hand, has often been inspired by people with the most formalistic ideas of both development and administration. At its worst, it has been hindered by superficial considerations of comprehensiveness and classification. At its best, it has been concerned primarily with budgetary faddism. One of the most popular budgetary fads in the past has been performance or programme budgeting. The basic idea behind programme or performance budgeting has been that a meaningful government budget should not be limited to a listing of the "inputs" (or resources) to be used -- in budget terminology often referred to as "items" or "objects" of expenditure. Rather, it should also list the "outputs", that is, the services or facilities to be provided through the use of such resources. Yet in the United States,

^{45/} Waterston, Development Planning, op. cit., p. 201.

where this new approach originated, insufficient attention was given to the complex problems involved in providing useful information on either input or output. Indeed, between the late nineteen forties and the early nineteen sixties, the subject was approached without any serious effort to define basic terms. "Programme" and "performance" budgeting became catchwords, with budget "experts" who had not done very well with it at home attempting to install it in industrializing countries.

91. It was not until the new "budgeting revolution" in the United States Department of Defense (1961-65) that the ideas were operationally refined. The successes in using the new methods to achieve more efficient procurement and delivery of military goods^{46/} led the President to instruct the Bureau of the Budget to install the same system throughout the federal establishment. In August 1965, President Johnson announced that the United States Government would "begin to introduce a new planning-programming-budgeting system . . ."^{47/} This new plan depends for its success on the adaptation of the techniques developed for Defense Department purposes to the more intangible services of other federal agencies, and to aid to local, state or foreign governments. Its success also depends upon converting "old line" budgetary personnel into experts in programme planning and administration -- a long and difficult process. Competent observers agree that the planning-programming budgeting system will not be in serious operation in half the agencies of the United States Government before 1970.

92. In the meantime, it may be confidently predicted that some of the most progressive governments among the industrializing nations will seek to apply the new "systems analysis" to their own complex problems of budgeting for planned economic development. It may also be predicted that efforts will be made to introduce some of the planning-programming budgeting system concepts in the very form in which they have emanated from the United States Department of Defense without recognition of the many fundamental changes being made in them by civilian administrators or the still more fundamental changes needed to adapt them to the needs of developing nations. This is a typical problem in "keeping up" with technological change.

^{46/} The success of these managerial methods in broader areas -- such as the actual use of military goods in military operations -- is open to serious question. Indeed, with public available information bearing almost entirely on their use with respect to procurement and delivery, one may speculate whether they have in fact been attempted at all in the more important areas of performance by the United States defence establishment.

^{47/} Quoted by Charles L. Schultze, Director, Bureau of the Budget, in his foreword to David Novick, ed. Program Budgeting (Washington: United States Government Printing Office, 1965). This book (an abridgement of a larger volume prepared by the Rand Corporation and published by the Harvard University Press), emphasizes "the structural and information portrayal aspect of the total system envisioned by the President". It has become the standard reference of advocates of the planning-programming budgeting system.

93. As a starting point for those trying to cope with this problem, the following principle may be enunciated: "The budgeting of government plans should be based upon an appraisal of (a) the direct and indirect benefits likely to be obtained from (b) identifiable outputs (or services) to be provided by the use of realistically estimated inputs (costs)". The compelling logic buried under the verbiage with which the planning - programming budgeting system is described is that it is a "benefit-output-cost" system. This is very close to what was previously called "cost-benefit" analysis, but with two important changes. First, it is now realized that costs (or the use of inputs) do not directly lead to benefits. Rather, the costs reflect the inputs used in producing certain outputs (such as health services, educational services, dams, buildings, regulations, etc.). The justification of these outputs is that they provide certain benefits, such as malaria eradication, literacy and technical skill, water for irrigation, shelter, and safe working conditions in factories. Thus the word "output" must be inserted between "cost" and "benefit". Second, the major emphasis must be on "benefits". To neglect them (and this is easy to do, since information on benefits is always more controversial and often more intangible than any other budgetary information) is to take a narrow "cost-accounting" viewpoint, whereby attention may be directed to doing more economically things that should not be done at all. Moreover, even according to basic economic doctrine, costs are merely foregone benefits. Hence the desirability of formulating the new approach to budgeting in terms of "benefit-output-cost" analysis. This places more emphasis on the comparison of alternative benefits through alternative output patterns.

94. One of the major tasks of public administration during the next few years -- a task of profound importance for the administration of economic development plans in industrializing nations -- is the development and testing of concepts and techniques relating to each of these three elements: benefits, outputs, costs.^{48/}

B. Projects: Promotion and review

95. The consideration of improved budgeting leads us at once to the preparation and review of projects. Here we find what Waterston of the International Bank for Reconstruction and Development (IBRD) refers to as a "project gap", namely, a serious shortage of well-prepared projects relative to the funds available to finance good projects. "Foreign and international lending and donor agencies, which generally are unwilling to commit funds for projects which are not based on sound preinvestment and other studies, are frequently hard put to find enough well-prepared projects to help finance in less developed countries."^{49/} Moreover, projects for which financing is obtained often turn out to be somewhat disappointing. One of the technicians with considerable experience at the project level finds the following:

Buildings left unfinished for lack of funds; new factories operating at only a fraction of capacity and at substantial losses; costly machinery and equipment idle for want of spare parts; water-storage dams washed out because of poor engineering or inadequate

^{48/} Some of the basic concepts needed for this work have been set forth with illustrative detail in The Managing of Organizations, op. cit.: (a) on benefits in "Satisfaction of Interests" (chapter 20); (b) on output in "Output: Services and Goods", "Output: Quality and Quantity", and "Output: Operations and Functions" (chapters 21, 22 and 23); and (c) on costs in "Efficiency and Profitability" (chapter 24).

^{49/} Waterston, Development Planning, op. cit., p. 325.

design data; farm lands excessively salinated because of too liberal water use from new irrigation facilities and inadequate drainage; new schools without desks or teachers; delicate communications equipment spoiling in poorly protected warehouses for want of buildings in which to install it; crop improvement projects spoiled because of inadequate protection against cross-pollination or through misuse of distributed seeds; hospitals without drugs, equipment or nurses -- such examples are perhaps more typical than uncommon. Many, perhaps most of them are due to poor project planning.^{50/}

96. To some extent, such situations are the result of the widespread fallacy of projections without projects. This fallacy takes two forms: macro and micro. The macro-fallacy consists of the belief that "aggregate" macro-economic quantities may serve as useful development targets apart from specific enterprise, sectoral and cross-sectoral plans that may be aggregated.^{51/} This belief, fostered by various vigorous salesmen of highly mathematical econometrics, serves to hold back rather than promote progress in econometrics (which has great potentialities in providing the analytical background for the development of more meaningful enterprise, sectoral and cross-sectoral plans). The micro-fallacy, in turn, consists of the belief that specific economic and engineering projections on paper will provide a project plan. This belief leads to "feasibility studies" based on technical factors alone and paper projects that ignore administrative, political and cultural realities.

97. Accordingly, one of the key principles of development administration is that "Central planners should promote the formulation and review of large numbers of specific development projects in terms of the relevant technical, financial, administrative, political and cultural considerations". Waterston expresses this principle in his advice that development planners "build up and maintain a 'stock' of well-prepared projects from which a suitable variety and number can be selected to provide a steady flow of new projects to be added to those already in process of execution."^{52/} Towards this end he urges sectoral studies that will help identify as early as possible promising projects in each sector.^{53/} He refers to the Pakistani experience in this connexion:

" in Pakistan, over 100 project and programme feasibility studies, besides a number of important sector surveys, were carried through at the same time in a specially organized "crash programme". The programme was inaugurated early in the Second Plan period to build up a stock of projects for the latter part of the Second, and especially, for the Third Plan period. The availability of a large number of projects "ready to go" not only has made it possible for Pakistan to obtain increased foreign aid, but also helps account for its success in fulfilling and exceeding its plan targets."^{54/}

^{50/} Louis J. Walinsky, The Planning and Execution of Economic Development (New York: McGraw Hill, 1963), p. 73.

^{51/} An estimate of national output arrived at by applying some assumed ratio between incremental investment and total output has not been aggregated by adding up outputs in each sector of production. There is therefore something misleading in calling it an "aggregate" that may then be "disaggregated". The term "artificial aggregate" would be more appropriate.

⁵² Waterston, Development Planning, op. cit., p. 354.

^{53/} Ibid.

^{54/} Ibid., p. 354-355.

98. Two additional corollaries to the above principle must be mentioned. First, the central planners cannot sit back and merely review projects developed by ministries, government corporations and others. In many cases, there will be nothing worth reviewing; and the allocation of high-quality personnel to central review may merely serve to demoralize the ill-staged organizations whose proposals are being reviewed. It is much more important to take specific steps to promote the formulation of projects worth reviewing.

99. Second, private sector projects require review as well as promotion. It is not enough, as Waterston seems to suggest, to concentrate on "providing suitable incentives to private investors and eliminating administrative, legal and other regulations and procedures which tend to dampen the interest of domestic and foreign investors".^{55/} Private firms, including the most technically competent native and foreign companies, have often proved remarkably adept at devising attractive projects which have resulted in large-scale subsidies to private interests with little social benefit or even at the cost of large, indirect losses of scarce foreign currency.

C. Market administration

100. One of the most promising developments among the industrializing nations is the growing awareness of the desirability of economic development planning through greater use of markets and price systems. Experience has repeatedly proved that there are serious limits on the quantity and type of decisions that can be made by government planners. Implementation, as well as the formulation of desirable plans, in the first instance, require decentralization of decision-making beyond the formal government apparatus. As Charles Lindblom has recently pointed out, markets and price systems may in many circumstances provide useful instruments for effectuating such decentralization.^{56/} The government apparatus, with less of a burden to carry on its own shoulders, will be better able to do its own job.

101. Unfortunately, both action and discussion in this area have been impeded by a curious laissez faire illusion. On the one hand, various proponents of a larger public sector mistakenly equate the use of market and price systems with the laissez faire views of Adam Smith and the old-fashioned "classical" opposition to government intervention in market operations. This viewpoint is supported by the old-fashioned "doctrinaire socialists", who have not yet caught up with the new wave of experimentation in Eastern Europe in the manipulation of markets and price systems by governments with centrally planned economies. On the other hand, over-enthusiastic proponents of the use of market and price systems have sometimes gone to the extreme of suggesting -- or seeming to suggest -- that these systems be allowed to operate on their own. While advocating more effective styles of government intervention, some have even tried to use terminology that would give old-fashioned Western business interests the impression they were advocating less government intervention.

^{55/} Waterston, Development Planning, op. cit., p. 353.

^{56/} Charles E. Lindblom, "Economics and the Administration of National Planning", Public Administration Review, December 1965.

102. Yet despite both versions of the laissez faire illusion, it may be stated rather firmly that "The effective decentralization of decision-making through markets and price systems requires highly developed skills in market administration". These skills involve:

- (a) Fiscal, monetary and credit policies (both general and selective) that promote the growth of private and mixed organizations;
- (b) The promotion and control of foreign investing and lending;
- (c) The imposition and/or liberalization or removal of foreign currency controls, import controls and excises;
- (d) Government buying and selling to promote or stabilize markets;
- (e) The imposition of various kinds of minimum, maximum or fixed prices;
- (f) Other forms of direct and indirect market and price regulation; and
- (g) The provision of market information and other kinds of data needed by buyers, sellers and investors.

103. All these activities are forms of intervention rather than non-intervention. They are "non" only to the extent that they facilitate a smaller burden of direct operating and managing responsibilities on the hands of government agencies. At the same time, they represent difficult and delicate government operations. They thus comprise a sphere of government decision-making which, if successfully handled, may result in a broadening volume of private decision-making that serves public interests. To escape any implication that it involves laissez faire, this field may well be called "market administration".

D. Information collection and distribution

104. One of the major contributions of modern national planning has been to provide an informational basis for important government decisions. In fact, information is the life blood of all planning. Without it, planners cannot know how to proceed. The planning process, moreover, seems to generate an endless need for more and better information. The more they get involved in development planning, the more both national leaders and top administrators (not merely planning technicians) require data. Thus, in the two countries with the most elaborate statistical machinery in the world, the USSR and the United States of America, there is increasing dissatisfaction with available data and the way it is used. Soviet planners are involved in a general reorganization of statistical collection, geared into a nation-wide system of computerized collection, processing, retrieval and distribution.^{57/} In the United States, the new budgeting system in the planning-programming budgeting system era is oriented mainly towards obtaining more and better information, not merely on inputs and outputs, but also on the benefits enjoyed by various groups in society as a result of government programmes. This moves the Federal Government

^{57/} N.I. Kovalev, "The Problems in Introducing Mathematics and Electronic Computers in Planning", Problems of Economics, Vol. 5, No. 4, August 1962.

towards new efforts, not only to improve its economic statistics, but also to contemplate revolutionary steps in obtaining non-economic data on American society. This new orientation is evidenced in the preliminary planning now under way for a new Social Report of the President (to complement the present basic national planning documents in the United States: the President's Economic Report and Budget Message) or for a comprehensive "State of the Union" message or set of messages. An indication of the new statistical work needed to do this is provided by Raymond A. Bauer's new Social Indicators^{58/} prepared under the auspices of the American Academy of Arts and Sciences.

105. Against this background, we face the fact -- documented again and again by countless reports of the United Nations, the Economic Commission for Asia and the Far East (ECAFE), the Economic Commission for Latin America (ECLA) and the Economic Commission for Africa (ECA) -- that all industrializing countries suffer from a serious shortage of the most elementary statistical data as the basis for formulating, activating and evaluating economic development plans. It takes many decades to develop systematic and reliable statistical series. Ad hoc surveys and fact-finding inquiries by expert groups are costly and time-consuming. Valuable information tends to be jealously guarded by people and agencies anxious to enhance their power by a data monopoly. Publicly available information tends to be embodied in documents that few people know about or which are "lost in the files". As Oskar Morgenstern has pointed out, some of the "facts" and estimates most widely in use suffer from appallingly large margins of error.^{59/} Moreover, as Waterston has pointed out, "scarce professional talent can also be misused in the collection of data for, and the preparation of, input-output matrices, a favorite instrument of planning experts from the more advanced countries. . . . quite a few less-developed countries have constructed input-output tables of their economies, although it would be hard to find one which has made effective use of them for planning purposes".^{60/} What Waterston knows, but does not mention, is that the ritualistic elaboration of econometric projections stems from a dangerous faith in the number magic of figures without facts. "Imputation" and estimates often based upon little except the desire to provide a dramatic illustration of certain ideas, are the bases for many of the so-called "figures" used by econometricians. While such practices may advance the professional careers of native technicians, they often tend to alienate them from the realities of economic development at home and distract attention from the need for the more sober and less dramatic collection of some simple facts.^{61/}

^{58/} Raymond A. Bauer, ed. Social Indicators (Cambridge, Mass.: M.I.T. Press, 1966).

^{59/} Oskar Morgenstern, The Accuracy of Economic Observations (Princeton: Princeton University Press, 1963).

^{60/} Waterston, Development Planning, op. cit., pp. 191-192.

^{61/} Econometricians are often much more interested in the abstract relations among variables than in the specific data necessary to describe these variables or in the painstaking non-mathematical tasks of definition and collection necessary to obtain such data. In this sense, while purporting to be interested mainly in quantitative analysis, they often have little appreciation of, or respect for, the problems of handling quantitative data.

106. Accordingly, another basic principle is that "Effective development planning requires the painstaking collection and widespread distribution of strategic information". This principle requires particular attention from development administrators. First of all, they should take seriously Waterston's recommendation that "it would be useful to include in each national development plan a program or blueprint for expanding and improving the statistical and other data needed only to formulate and implement the next plan. The statistician or other fact-finder must always be ahead of the planner if he is to provide the planner with information when it is required. . . A blueprint for statistical betterment related specifically to the next plan would be much more modest than most proposals to overhaul the statistical apparatus and practices prevailing in less-developed countries".^{62/}

107. Second, development administrators cannot afford to allow statistical needs to be formulated by any one set of technicians. Economists often tend to over-emphasize national accounting estimates. Statisticians tend to over-emphasize the improvement of data in separate sectors. Both usually neglect social and sociological data. The only way to make a strategic selection of priorities is to use some general model of all the different kinds of information relevant to accelerated change in a society and its environment. This requires some form of "social systems accounting", as outlined in preliminary form in The State of the Nation. Although it will take at least another decade before social systems accounting can become operational in many countries, one practical step can be taken without much delay: the preparation of annual reports in which the Chief Executive (whether Prime Minister or President) gives the legislature and the nation a comprehensive picture of problems, progress and retrogression on all important fronts. This would be one of the greatest single advances in the technique of national development planning.^{63/}

108. Third, in developing information-flow systems, administrators should build and promote multiple channels for the flow of information. This is particularly important with respect to "feedback" information on what has actually been happening. As already pointed out (at the end of chapter III C), the danger of "under-evaluation" may often be countered by equally harmful "over-evaluation". In a simple-minded, over-hierarchical fashion, too much information may be channelled to central government offices and top administrators, with too little information moving to the places where people can have the time to absorb it, the familiarity to understand it and the opportunity to act directly on the basis of it. Indeed, official government channels can never suffice. As development progresses and the volume and complexity of information flows become greater, the channels provided by a competitive press, parliamentary discussions, professional journals, international media and face-to-face conferences and meetings become increasingly important.

E. Administrative research and development

109. The entire modern world suffers from an imbalance between technological advance, on the one hand, and institutional and social change, on the other hand. To some extent, this imbalance is associated with -- both as cause and effect -- the

^{62/} Waterston, Development Planning, op. cit., pp. 194-195.

^{63/} The nature of such planning reports by a chief executive is touched upon in Gross, The State of the Nation, op. cit. and developed in greater detail, with special reference to one country only, in Gross, "Let's Have a Real State of the Union Message", Challenge, May/June, 1966.

imbalance between the tremendous support given the natural sciences and the hard-goods technology, on the one hand, and the "starvation diet" made available to social scientists. The sad implications of this for development planning and development administration have already been discussed in chapter III D.

110. Unfortunately, the fallacy of hard science research seems to pervade the offices of planning administrators and technicians. Agricultural, engineering, transportation research is more essential to these administrators than research on planning itself and the administration of planning, which might not provide immediate results. Furthermore, if it did, it might call for embarrassment or painful changes in organizational structure or administrative methods of behaviour. One of the by-products of this situation is the existence of many training programmes without the training materials that could be provided only by serious research.

111. Nevertheless, almost all planners will support the principle that "More effective development planning requires an increase in research and theory, both basic and applied, both specialized and interdisciplinary, on planning problems and processes." To carry out this principle, however, a number of important steps must be taken. First of all, there should be a substantial increase in the funds made available for research. Thus far, the United Nations and other agencies have been expected to produce too much with regard to the provision of expert advice and the conducting of training activities -- too much, that is, in relation to the unsatisfactory research-theory basis for such advice and training.

112. Second, much greater use should be made of universities, research institutions and full-time research staffs in conducting international research on planning and planning administration. There is a definite limit to what can be accomplished by ad hoc meetings of experts and by detailed questionnaires mailed to government agencies in various countries. A sober examination of many "studies" completed or in process might well indicate that this limit has too often been reached.

113. Third, closer co-operative relations are needed between objective researchers and planning administrators. On the one hand, more national planning agencies should be willing to provide "access" and other assistance to serious researchers. A good example is provided by the extensive assistance now being provided by the planning authorities in India, Pakistan, Venezuela and Kenya to a group of researchers engaged in a comparative study of the building of national planning systems.^{64/} On the other hand, national planners themselves -- on the basis of their own extensive experience-- should be given more opportunities to escape the "planning struggle" and engage in research and theory on the basis of their valuable experiences.

F. Training for top administrators

114. National development planners generally recognize the tremendous importance of education and training programmes to provide thorough social reconstruction. More specifically, they have made provisions for training and education in business and public administration. They have recognized the need for the training and education of young economists and other technicians.

^{64/} This project is part of the Inter-University Program on Institution Building, conducted with the help of the Ford Foundation by the University of Pittsburgh, Indiana University, Michigan State University and Syracuse University.

115. To a large extent, however, the national planners have operated in accordance with the comfortable doctrine of education for other people. They have not distinguished themselves by action in accordance with the principle that "Planners too must learn".

116. A preliminary report by the International Group for Studies in National Planning (INTERPLAN), still being worked on by planning administrators in many countries, develops this theme of "Planners too must learn" in greater detail:

Even an abundant supply of economic technicians -- senior as well as junior -- will not provide the range of skills and knowledge needed to formulate sound plans, implement them and adjust them to meet new conditions. This point is increasingly recognized at the level of the individual enterprise, where general management training is rapidly expanding. This point should also be recognized by the central agencies of government -- the chief executives and their aides, the specialized planning and economic advisory boards and commissions and the central agencies of financial management. To develop a general atmosphere of creativity and innovation, the central guidance cluster leaders should set a personal example. They should demonstrate that they are interested in developing their own abilities, knowledge and interests.^{65/}

The draft INTERPLAN report then goes on to suggest various types of courses, seminars and workshops to meet the needs not only of specialists, but also of leaders of interdisciplinary teams, top executives, political leaders, and interest group leaders. These proposals will be reviewed and revised on the basis of critiques by planning officials in many countries and of discussion at the INTERPLAN conference in November 1966.^{66/}

G. "Trans-boundary" dialogue

117. It is a well-accepted principle that formal and informal conferences, ostensibly arranged for the mere exchange of information or the preparation of proposals, perform invaluable training and education functions. Too many of these conferences, however, are vitiated by the fiction of discussion without communication. At international conferences serious barriers to meaningful discussions are created whenever the participants are supposed to "represent" their countries. This slowly but surely puts them in the position of defending established positions rather than joining with people in other countries in the mutual exploration of mutual problems and the frank discussion of common failures. Moreover, there are few conferences, whether international or purely domestic, that bring together specialists from different disciplines. There are still fewer in which political leaders, administrators and specialists all meet and discuss problems together.

^{65/} International Group for Studies in National Planning (INTERPLAN). The Development of National Planning Personnel, a preliminary report based on the 20-24 April 1965 conference of INTERPLAN in Warsaw at the invitation of the Institute of Philosophy and Sociology at the Polish Academy of Science.

^{66/} The next INTERPLAN conference on the implementation of national planning will be held in Caracas, Venezuela, 15-22 November 1966, at the invitation of Venezuela's Central Office of Co-ordination and Planning (CORDIPLAN).

118. To combat these separatist tendencies, more action should be based on the principle that "Planners need more opportunities for informal and continuing dialogue across national, disciplinary and 'position' or 'rank' boundaries". Various United Nations agencies have already made tremendous progress in providing opportunities to transcend national boundaries. Much still remains to be done, however, in developing more effective dialogues across the boundaries of disciplines between planning technicians and planning administrators and between national leaders and both administrators and technicians. It is likely that such dialogues are only possible in the informal atmosphere of non-official conferences and workshops.

V. MACHINERY FOR PLANNING

119. Any hopes for getting results through economic development planning are apt to be frustrated without appropriate administrative machinery.

120. Yet the development of appropriate machinery, that is, the complex array of organizations and institutions involved in plan formulation and implementation, is extremely difficult. It requires certain delicate and sensitive adaptations in the central machinery of national government. It demands a pragmatic flexibility based more upon an interest in results than in abstract commitment to structural forms. It calls for continuing reorganization to meet new conditions and promote new and more creative policies and activities.

A. Central guidance clusters

121. As this writer has stated in another context:

"Modern administrative theory has clearly recognized that in single organizations, whether public or private, the administrative processes of planning, activating (or in older terminology "directing") and evaluating are interwoven at all hierarchical levels. In particular, all the higher organs of management play vital roles in planning . . . At the level of a nation also the specialized planning units account for only a very small part of the national economic planning that actually takes place. They tend to concentrate upon certain research functions involving the analysis of general economic trends and the formulation of proposals to be decided upon by others. . . . Nor are they even the co-ordinators of national economic policy and programs. In fact, their specific functions are extremely varied and it is impossible to determine what these functions really are - or should be - without seeing them as an integral part of the complex network of many organs at the center of national government". 67/

122. Yet any single central planning agency, whether it be called a commission, council or ministry, serves such important symbolic and ceremonial purposes that it may be mistakenly regarded as the planning agency. Indeed, in many countries a central planning organ illusion has already come into being. This illusion is embedded in and it helps propagate widespread and deeply cherished myths of central omnipotence. According to these myths, any organization or social system is run by a single individual or small group who simply issues commands that are binding on

67/ Bertram M. Gross, "The Managers of National Economic Change", in Roscoe C. Martin, ed. Public Administration and Democracy: Essays in Honor of Paul H. Appleby (Syracuse: Syracuse University Press, 1965), pp. 115-116.

others. 68/ At the level of a nation as a whole, the myths of central omnipotence are particularly powerful. The very idea of national planning often originates in a deep urge to find a guiding hand to bring order out of social chaos. National leaders seeking somewhat greater power need dramatic symbols to increase the power they already have or to detract attention from themselves by using the specialized planning agencies as lightning rods to attract opposition and resentment. They may even exaggerate the power of a planning commission or planning ministry in order to use it later as a sacrificial scapegoat that can be publicly liquidated or reorganized whenever a new economic crisis develops.

123. To counteract the central planning organ illusion, the organizational basis of national planning should be approached in terms of the following principle:

Effective development planning requires a cluster of central government agencies performing various roles not only in the provision of specialized and general staff services but also in national leadership, financial management and the handling of critical problems.

124. The special staff roles include (a) trend analysis; (b) goal analysis; (c) policy analysis; and (d) major project analysis. Most special economic staffs provide the first two of these. The more effective ones concentrate upon the last two, with trend analysis and goal analysis used as instruments for doing better work in connexion with policies and projects. The same four categories, it should be noted, are applicable to specialized staff work by experts in administration, sociology, social psychology and political science. By and large, however, staff services of this type have rarely been provided in terms that relate to development planning. This may be attributed not so much to the economists' monopoly in the field of national planning, as to the relative backwardness of the other disciplines (as compared with economics) and the failure of plan administrators to involve these other disciplines in the planning process. The general staff roles include (a) providing communication links among vital centres of power and expertise; (b) bargaining and negotiating among diverse groups; (c) evaluating performance and (d) helping break bottlenecks and perform other functions necessary for expediting action. Many economists, it might be noted, have developed impressive capacities for performing these non-economic functions.

125. Both special and general staff services are particularly important in helping to strengthen and support general leadership roles. These are the indispensable roles played by chief executives, prime ministers, formal cabinets and interdepartmental cabinet committees, formal councils representing major power groups in a

68/ See Victor Thompson, Modern Organization, op. cit. pp. 10, 95, for a penetrating discussion of the "primitive monistic ideal" that allows adults in organizations to duplicate childhood experiences or subordination to, and dependence on, an all-powerful parent. This subject is also discussed in Gross, The Managing of Organizations, op. cit. "The Dispersion of Power in Organizations", chapter 3, pp. 49-72.

country, informal control groups, and personal advisers to top national leaders.

126. In addition, no matter what their formal relation to specialized planning agencies, "central financial institutions always play a tremendous role in the formulation and implementation of national economic plans. This role is rooted in the tremendous significance of money as a claim against resources, in the political as well as the economic significance of budgetary, monetary and lending decisions, and in the administrative significance of accounting and auditing operations. It is strengthened by the fact that financial agencies are often the oldest and most redoubtable of government bureaucracies with an influential network of local offices scattered across a country. Where these agencies are not well-developed, there is an institutional gap that cannot be filled". ^{69/} These financial management roles may be divided not only between a finance ministry (or treasury) and a central bank, but also among the separate units of those agencies dealing with expenditures, current budgets, development of capital budgets and foreign currency budgets. In addition, there are often one or more separate national development banks or corporations handling government loans and investments in various sectors.

127. Finally, there are the strategically important and, at times, decisive roles played by defence ministries, national water boards or other agencies with special responsibilities for handling critical problems affecting the entire country.

128. Accordingly, it should be perfectly clear that "no single agency could ever handle all the many roles involved in the guidance of national economic change. They are too numerous, specialized and different to be embodied in any single organization. Any effort to incorporate them all in a single organization would inevitably lead to such a large amount of subdivision as to convert the boundaries of the total organization into a formal façade. The subdivisions would become de facto formal organizations". ^{70/} The problem of organization and reorganization, therefore, becomes one of designing a complex cluster of interlocking agencies and seeing to it that there are qualified persons to fill all important roles.

B. Building innovating action organizations

129. One of the dangers of taking old-fashioned economic analysis too seriously is its concentration upon the so-called factors of production - land, labour and capital - as the source of economic growth. Its most extreme form is the nonsensical proposition - no less ridiculous when presented in terms of mathematical equations unrelated to empirical data - that there could or should be a stable relation between incremental investment and production. ^{71/} This oversimplification has been partially

^{69/} Gross, "The Managers of National Economic Change", op. cit., p. 109.

^{70/} Ibid., p. 114.

^{71/} The fallacies in the capital-output approach to development, which is still the "conventional wisdom" among economists, have been brilliantly exposed by Lauchlin Currie in "The Capital Formation Approach", chapter 9, Accelerating Development (New York: McGraw-Hill, 1966), pp. 121-139.

counteracted by the recent discovery of "human capital" and "investment in people" through expenditures on such things as education and health. 72/

130. Yet both the "hard goods" concept of investment and "investment in people" are illustrations of the atomistic illusion. The former looks at machinery abstracted from the people who use it, the latter at people in their capacity as single individuals. Each overlooks the fundamental fact that the goods and services needed for human progress cannot be produced by machinery alone or by educated, healthy people acting individually. The separate "factors of production" become "productive" in fact only when brought together in an organization. It is in this sense that the industrial revolution of the nineteenth century was an organizational revolution. Similarly, the key to development by the presently industrializing countries is another organizational revolution. One of the most important principles of development is that "Capital and people can be effectively used only by building the organizations or institutions with the capacity to use them".

131. The need for building greater organizational capacity at the very centre of government, that is, in the central guidance cluster, has been discussed. The key agencies in this cluster, or complex, however, can never be very effective unless they can rely upon a large array of government ministries, public corporations and other action agencies to carry on specific programmes, policies and projects. Thus, another role may be added to those mentioned in the previous subsection - the role of building action agencies. Indeed, they should see this role as some of the most effective planners already see it - as that of creating organization-building ministries and corporations.

132. In part, the process of building an organization always requires setting up totally new agencies. No change from an administration designed mainly to maintain "law and order" to one designed to accelerate economic growth has ever been achieved totally within the framework of traditional institutions. But to build an organization effectively also requires the adaptation and reinvigoration of old-line agencies, whether through new leadership, new personnel, reorganization, or the competition created by new agencies. There is a limit on how many new agencies can be established within a given period of time. There are tremendous values to be gained by harnessing the capacities and unleashing the often repressed energy and imagination of certain people in the traditional bureaucracy.

133. One of the secrets of successful organization building is a pragmatic, non-doctrinaire approach to the legal status of organizations. With a little encouragement and help, private companies can often handle many tasks far better than government agencies. Indeed, one of the most important tasks of national planners is to build up private enterprises capable of both genuine initiative and public responsibility (as discussed above in chapter IV C). At the same time, public corporations and mixed enterprises may sometimes show far greater initiative and enterprise. Although the innovating "bureaucratic entrepreneur" has been neglected in the

72/ See particularly Theodore Schultz, "Investment in Human Capital", American Economic Review, Vol. 68, 1961, pp. 1-17. This approach has also been applied to industrializing countries in a number of books by Frederick Harbison.

literature of economic development and public administration, he is already becoming an important phenomenon in the industrializing world.

134. Another secret of successful organization building, as revealed in the practice of almost every industrializing country, is to spot the creative individuals and groups with initiative and ability and provide them with the resources and encouragement needed for growth. The resultant growth may be unruly and unpredictable, but this is a small price to pay in a cultural environment in which the "islands of initiative" may be few and far between. Indeed, success in building innovating action agencies is not to be judged by the existence of a well-co-ordinated organization that can be neatly arranged on an organization chart. The "pay off" is the actual progress made in such things as producing and distributing fertilizer, carrying out irrigation and power programmes, carrying out land reforms that result in greater, rather than lesser, agricultural output and producing industrial goods that can replace imports or be sold abroad. When such progress is made, it will usually be through the work of action organizations that are not readily susceptible to quick and easy co-ordination by central government agencies. It is usually the outcome of action by central government planners who have the good judgement to realize that it is more important in the early stages of development to promote agencies with the capacity to resist central co-ordination than to waste their time co-ordinating agencies with little capacity to get anything done.

C. Private and community participation

135. One of the great discoveries of "human relations" researchers in administrative theory has been that greater participation in decision-making seems to result in improved output. At the national level, "participative planning" has been popularized by the achievements of French national planning in the 1950's and early 1960's. Although the French national planners also made vigorous use of governmental measures to promote expansion by specific enterprises, they have also operated on the widely-advertised principle of "the participation in policy-making of those who will have to bear the brunt of the implementation of measures decided upon". ^{73/} Such participation, at the level of both the organization and the nation, is properly regarded as a step forward towards greater democracy in a world in which the representative democracy of parliamentary institutions is no longer sufficient to give people enough participation in the complex decisions affecting their lives and futures.

136. Yet the new attention to participation has also given rise to the bluffs of "facade democracy". Participative techniques "are often used to provide ritualistic rather than genuine participation. Planners may merely want to give private groups the sense of participation in order to manipulate them into accepting as their own predetermined decisions and plans. Similarly, many representatives on consultative committees, both intra- and inter-organizational, are mainly interested in the prestige accruing to themselves or their constituents through symbolic rather than

^{73/} Bertram M. Gross, "Activating National Plans", in Gross, ed. Action under Planning, op. cit.

actual participation". 74/ In both cases the bluff seems more important than the reality behind the façade of consultative committees and meetings.

137. To get beyond façade democracy it is essential to develop greater recognition of the principle that "Effective formulation and implementation of development plans require genuine participation by major groups and communities". The application of this principle enables national planners to build an "activation base" (or "support base") composed of people with the power to get action. But "genuine" participation means that the planners must be willing to pay a certain price, namely, that the plans and actions emerging from the consultative process may never be fully known in advance. This sharing in the power of decision-making unquestionably means certain differences in the nature of the decisions made.

138. On the other hand, "genuine" does not mean "haphazard". In any industrializing society there are many people and groups who are not yet ready for a high degree of participation. Among these are trade unions, city governments and local community groups and business associations, whose leaders are overworked and whose professional staffs have not yet been developed. Here the task of the development planners is to prepare the ground by moving from simpler and smaller issues to larger and more complex ones. The best way to prepare these groups is not to postpone consultation, but rather to use consultative arrangements as a way of educating the groups in the complexities of developmental processes and programmes.

74/ Ibid.

VI. CENTRAL-REGIONAL-LOCAL RELATIONS

139. Industrializing has always involved nation-building. In Europe, it took many centuries and much bloodshed before city-states, small principalities and feudal domains were welded together into nation-states. In Asia and Africa, the process of nation-building will probably be faster and less violent. But during the rest of this century, with the problems of localism, tribalism, communalism, separatism and ethnic, linguistic, religious and cultural heterogeneity, it will be difficult, complex and costly to build nations.

140. National planning itself is a major contribution to nation-building, since "a national plan serves as a unifying agent of an otherwise loose and fragile society. ... Even if the economic and social goals are not realized, a plan is successful to the extent to which it serves to mobilize the people's energies, bring about national planning machinery and a measure of political consensus."^{75/} The creation of national planning machinery also contributes to nation-building, since the central and peripheral organizations and the machinery of consultation help bring together the diverse interests in a society.

141. Thus far, however, in this discussion of national planning machinery, spatial considerations have not been taken into account. Nor have the organs of subnational government at both the regional and local levels been discussed. Yet no national planning machinery is capable of effective development planning unless it includes provision for these subnational levels.

A. Centralization veins and decentralization arteries

142. In a country threatened or torn apart by sectionalism (often reinforced by linguistic, ethnic or religious ties), the building of a nation obviously implies greater centralization of power, responsibility and authority in the central organs of national government. The national plan is itself a symbol of centralization. The national machinery of planning creates a system of centralized decision-making.

143. These obvious facts, however, may be seriously distorted by "either-or" proverbs which suggest that the machinery of government may be described in terms of either centralization or decentralization. These proverbs are closely related to the myths of central omnipotence (referred to in chapter V A) and of autonomous local governments, as developed by apologists for local interests fearing national

^{75/} Anthony Hubert Rweyemamu, Nation-Building and the Planning Processes in Tanzania, unpublished doctoral dissertation. Syracuse University, 1965, pp. 95, 241.

control. Then there are the "Simple Simon" centralization proverbs holding that modern methods of information processing necessarily lead to the centralization of decision-making in large organizations.

144. The subsequent discussion is necessarily tentative and preliminary. This is a field in which considerable new research is needed to dispel the clouds of obfuscation that have been thus far preventing realistic analysis by public administration experts and commentators.

145. Yet every practical administrator knows that in order to centralize some things, other things must be decentralized. "Neither centralization nor decentralization are absolutes. An extreme of either one would destroy any organization. Not only do the two always appear together; they complement each other. The arteries of decentralization bring the lifeblood of responsibility and authority to the various members, while the veins bring it back to the center. The decentralization of some functions is impossible without the centralization of others, and vice versa."^{76/} Hence one of the most important principles of development administration and planned economic development is that: "The power to achieve significant progress can be obtained only through some combination of centralization and decentralization".

146. Within any single organization, whether it be a national planning agency or a development ministry, a ministry of finance, or an industrial development bank, there are three dimensions on which centralization-decentralization combinations may be measured: (a) the horizontal dispersion or concentration among the various head office units; (b) the vertical dispersion or concentration among the hierarchical levels of each; and (c) the geographical dispersion or concentration between field offices and the other units in the organization.

147. Beyond the apparatus of national government, there are other basic elements that may enter into centralization-decentralization combinations: (a) subnational state governments, an important part of any federal system; (b) local governments below the state level; and (c) provincial governments or regional instrumentalities intervening between the central government and the subnational states. It is interesting to note that an increase in decentralization from one point of view, for instance, the delegation or devolution of additional authority to state or provincial agencies, may mean greater centralization from another viewpoint -- in this case, that of the local governments. Similarly, more power by either state or local governments to do things on their own may mean an enlargement, not a diminution, of the central government's power to get things done.

^{76/} B. Gross, The Managing of Organizations, op. cit., "People-in-Organizations: Formal Aspects," chapter 15, p. 385.

Indeed, while no generalizations can be made concerning the detailed intricacies of centralization-decentralization patterns, one cannot help but be struck by the fact that effective central planning requires a vast amount of decentralization.^{77/}

B. Governments at regional and local levels

148. One of the heritages of colonialism in many industrializing countries has been a network of the subnational officials of central government. These officials, who are called District Commissioners, Officers or Collectors, usually had comprehensive formal authority in their respective geographical areas. The effort to preserve these roles - either through civil service officers or their replacement by political leaders - has been closely associated with the illusion of the single subnational co-ordinator. People are driven to this illusion by the growing complexity of government agencies operating in every local area and the tendency for many of them to operate at cross purposes. Indeed, the illusion is increasingly popular in the United States, where new federal activities in every local area have become extremely complicated and where there is a strong tradition among local government experts of recommending the blatantly impossible. In France, it is part of the popular folklore surrounding the activities of the prefects.

149. There are two simple reasons why the illusion cannot be converted into fact. First, in an industrializing society, the operations of national agencies become too complicated to be co-ordinated by the hierarchical authority of any official (whether appointed or elected) in a single region. The regional and local offices of a national water authority, tax collection office, health ministry, steel corporation, housing division or industrial development bank must operate in the light of many national considerations outside the legitimate scope of a regional or local officer. Indeed, in the interest of welding a nation together and overcoming separatist influences, there is a need in many countries to follow the Mexican example of setting up semi-autonomous national agencies located regionally or locally to carry on specialized regional or local programmes. Such agencies can promote regional and local government by providing both a constructive example and healthy competition, which would hardly be feasible if they were under the authority of local leaders.

150. The second reason is the existence and growth of local, provincial or sub-national state governments that cannot -- and should not -- be fully subordinated to the authority of a central government official. While such governments cannot

^{77/} This is one of the great lessons of Soviet-style planning and of the widespread experimentation by the central authorities of Eastern Europe with many forms of administrative and market decentralization.

develop to the point of being self-sufficient or completely autonomous, their growth is both inevitable and desirable. Indeed, even in "unitary" (non-federal) nations whose central governments have complete formal authority over lower levels of government, central officials must often bargain gingerly with -- and concede considerably to -- local political forces.

151. One of the simplest, but most widely neglected, principles of government at the subnational level is that: "Regional and local co-ordination depends on the interaction of many subnational and national forces". This principle does not preclude efforts to contribute to the co-ordination process by subnational officers of central government. It does not preclude hierarchical co-ordinating efforts by those in positions of higher formal authority. It recognizes that many disputes among government and private agencies in a given region may be settled only by decision on the part of those with formal hierarchical authority in the central government. Indeed, many difficult problems in a given region may be settled at times only by the active participation of a foreign government, a foreign corporation or an international lending agency. In any case, the possibilities of hierarchical co-ordination are extremely limited. They are greater only when there are continuing efforts at mutual adjustment co-ordination^{78/} among all the many organizations and groups involved in local level matters.

152. In this connexion, an important matter of terminology may be briefly mentioned. Regional and local problems of government cannot be discussed appropriately under the simplistic heading of "regional and local government", if this term is used to exclude the agencies at higher government levels. The problems of regional and local government are problems in relations among all agencies of government whose activities affect a given region or locality. The more appropriate term, which will probably not appear for another decade in textbooks on government, is "government at the regional or local level."^{79/}

C. The content of subnational area planning

153. One might think that a comprehensive framework for co-ordination in urban and regional local areas might be provided by subnational area planning. Unfortunately, as pointed out in a recent United Nations publication, "planning activities

^{78/} The importance of co-ordination through mutual adjustment in many forms has been analysed by Charles E. Lindblom in his new book -- of tremendous interest to national planners -- The Intelligence of Democracy (New York: Free Press, 1965).

^{79/} The importance of dealing with inter-governmental relations at the local level is illustrated by Lyle C. Fitch, "Planning and Administration in Urban Areas," in the United Nations publication Administration of National Development Planning, op. cit., part II, chapter II.

at the urban level are concentrated on the physical (as opposed to the economic and social) aspects of planning."^{80/} At the regional level, planning usually becomes still less comprehensive, with special attention often given to certain large-scale development projects and even less attention to social considerations and the broad range of government promotional activities and operations. In both cases the professional city planner's fallacy of the master plan has led to comprehensive land-use maps. While these are supposed to be beautiful, they are not designed to have much connexion with the on-going activities of people and organizations or with the purposes of the various structures and facilities to be built on the land.^{81/} Accordingly, there is not much that can be learned from current local planning practice in the industrialized nations. If progress is to be made in subnational area planning, considerable innovations will be necessary in co-operation with some of the Western innovators who have not yet succeeded in breaking through the rigid conservatism of their own countries.

154. A starting point principle for such innovation may be phrased as follows: "Subnational area planning should provide a comprehensive, continuing accounting of the state of the area as the framework for strategically-selected development measures". This principle reflects two of the healthier tendencies among forward-looking urban and regional planners. The first is the conviction that there must be a new synthesis at the urban level of three previously separate specialities: physical planning, economic planning and social planning. This can be achieved only through the integrating power of a "social systems" approach. It requires a "model" of an urban (or regional) area as a loose, open man-resource system composed of a great variety of individuals, families, associations and private and public organizations. Such a model can help planners get away from the over-reliance on the old-fashioned "hard goods" techniques of building regulation and land-use maps and the equally limited number magic of linear programming and systems analysis in mechanical terms. It can provide the basis for a growing body of increasingly reliable information on the changing population, resource and institutional structure of an area.^{82/}

^{80/} Ibid., para. 35

^{81/} The limitations of the old-fashioned style of so-called "master planning" at the local level are dealt with in greater detail in Bertram M. Gross, "The City of Man: A Social Systems Approach," the major address at the Annual Conference of the American Institute of Planners, Portland, Oregon, 16 August, 1966.

^{82/} More specific suggestions concerning the contents of annual "state of the area reports" are provided in both Gross, "The City of Man: A Social Systems Approach," and Gross, The State of the Nation: Social Systems Accounting, op. cit.

155. The second tendency is the growing realization of the difference between comprehensive information and strategic action. The great germ of truth in the idea of "comprehensive planning" is the fact that only by comprehensive economic, social and physical indicators is it possible to come to grips with specific projects. Otherwise, second-order consequences and third-party effects cannot be anticipated in advance. The error in the concept of "comprehensive planning" is the thought that any government might be capable of marching ahead with regional and local development programmes on all fronts at the same time and with equal speed. The essence of strategy is selective measures at specific points. The value of a broad informational framework is that it allows such strategic selection to be discriminating and prescient instead of blind or myopic.^{83/}

D. Urban areas as "development dynamos"

156. Reference has already been made (in chapter III D) to Lauchlin Currie's suggestion that most development economists have underestimated the benefits to be obtained from planned investments in housing and other urban facilities. Currie also points out that "all the horribly expensive and dreary phenomena of American urban development -- towering congested centres, blighted areas, sprawling suburbs, individual commuting to the centre, and a tremendous investment in throughways, underpasses, overpasses, cloverleafs, etc., -- are beginning to appear in countries that have not yet attained even a decent minimum standard of living".^{84/} One of the reasons for such urban conditions in the industrializing nations -- apart from the lack of urban planning models that can be adapted from industrialized countries -- is the fallacy of non-productive urban investment.

157. This fallacy represents one of the major premises in the thinking of many development economists. It is expressed in innumerable calculations concerning the great benefits flowing from investments in industry and agriculture, as compared to the extremely low benefits stemming from housing and urban facilities. In most cases, the calculations are made entirely in terms of the more readily measurable direct income and output (or profits) resulting from industrial and agricultural investment. The calculations usually ignore the vast indirect benefits of urban investment in terms of (a) more and quicker employment; (b) the development of a modern labour force through work on construction; (c) the promotion of the local market for the products of consumer goods industries and for local building materials; and (d) the development of an urban culture that provides hope of advancement for the masses, freedom from the confining traditions of peasant agriculture, and centres of progress in education, the arts, the

^{83/} For a detailed rebuttal of the idea that a comprehensive approach can be strategic and a convincing presentation of the selective nature of strategy, see Robert A. Anthony, Planning and Control Systems (Boston: Harvard Business School, 1965).

^{84/} Currie, Accelerating Development, op. cit., p. 53.

sciences and technology. This last point is important enough to warrant a principle by itself: "Sustained economic and social progress requires urban areas that are dynamic centres of culture, education, science and technology".

158. This principle does not suggest the desirability of less attention to agriculture or rural community development. It does suggest, however, the need for a break with the romantic idealization of the small village as the source of all good and the view of the big city as the source of all evil. The fact is that while the modern urban area has great potentialities for both good and evil, without it there is little hope of developing either industry or agriculture, the city or the country. As centres of government, business, finance, education, science and technology, urban areas are the essential dynamos for progress in all parts of an industrializing country.^{85/}

^{85/} For a profound humanistic analysis of the potentialities of urban areas see Harvey Cox, The Secular City (New York: Macmillan, 1965).

VII. SUMMATION

159. Let us now bring back to the centre of attention the various principles that have been presented above:

Interdependence of planning and administration

1. The effective planners are those involved in certain day-to-day activities of government.
2. All planners should recognize that economic considerations are intimately tied up with a large variety of non-economic variables.
3. Effective development requires greater recognition of the need for Integrating Generalists.

Implementation: Strategic guidelines

4. The environment of all national planners is the emergence of a world society of increasingly interdependent nations.
5. In a world of revolutionary, scientific and technological changes, the planners of accelerated economic development must always be alert to the potentialities of new technology.
6. In its highest forms development planning is the art of the improbable, not merely the possible.
7. The only good justification of national planning is to help serve the interests of people.

Implementation: Obstacles

8. The first obstacles to economic growth are scarcities of physical, human and institutional resources.
9. Development planning is inevitably involved in various forms of open and hidden social conflict.
10. Like everyone else, planners make errors in both substance and methods.
11. The scientific basis of national planning is still extremely weak, lagging behind both the achievements of natural science and the intuitive wisdom of the best planners.

Implementation: Operating principles

12. The budgeting of government plans should be based upon an appraisal of (a) the direct and indirect benefits likely to be obtained from (b) identifiable outputs to be provided by the use of (c) realistically estimated inputs.
13. Central planners should promote the formulation and review of large numbers of specific development projects in terms of the relevant technical, financial, administrative, political and cultural considerations.
14. The effective decentralization of decision-making through markets and price systems requires highly developed skills in "market administration."
15. Effective development planning requires the painstaking collection and wide distribution of strategic information.
16. More effective development planning requires an increase in research and theory, both basic and applied, both specialized and interdisciplinary on planning problems and processes.
17. Planners too must learn.
18. Planners need more opportunities for informal and continuing dialogues across national, disciplinary and "position" boundaries.

Machinery for planning

19. Effective development planning requires a cluster of central government agencies with roles in providing not only staff services but also national leadership, financial management and the handling of critical problems.
20. Capital and people cannot be effectively used without the building, or adaptation, of organizations with the capacity to use them.
21. Effective formulation and implementation both require some degree of private and community participation in planning processes.

Central-regional-local relations

22. The power to achieve significant progress can be obtained only through some combination of centralization and decentralization.
23. Regional and local co-ordination depends on the interaction of many national and subnational forces.

24. Subnational area planning should provide a comprehensive continuing accounting of the state of the area as the framework for strategically-selected development measures.
25. Sustained economic and social progress requires urban areas that are dynamic centres of culture, science and technology.

160. To those confronted with the pressing needs of daily action in guiding accelerated economic development, these "currently useful generalizations" will often prove too general to be useful. Their chief values may be to (a) promote deeper and more concerted thought concerning generalizations that may more adequately express the wisdom of successful practitioners, and (b) spark a greater awareness concerning the kinds of skill, judgement and wisdom that can never be expressed in formal, explicit propositions.